How Do International Marketing Strategies Help Firms Achieve Competitive Advantage: German companies being successful in China

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Introduction

One of the most common phenomena regarding the modern commercial activity is the relocation of companies – even of well known ones – and their establishment in countries which are by far different from the local ones (that of the state of origin). On the other hand, the turbulences of the financial area impose the design and the application of an effective strategy in order for a business to manage to survey. In this context, China has been presented mostly in the last two decades as a favourite place for a variety of business activities offering the advantage of low wages combining with general low operating costs. However, the specific business decision, i.e. the relocation to the Chinese Market has also been criticized as having elements of risk regarding the final profit of the company that proceeds to such an initiative. Under these conditions the whole net of corporate activities in the specific country has been examined both for their design and for their feasibility to operate.

One of the countries that have suffered financially from this business activity is Germany. The specific country has a significant number of companies which decided to move to China (totally or only partially) in order to avoid the costs that are related both the employees' compensation and with the tax obligations in their home country. The specific business decision has been characterized either as a success or as a failure in accordance with the financial results that have produced during the operation of a German company in China. However, sometimes there could not be specific indicators regarding the performance of a specific company (which proceeded to such a decision) because of the long term period of payback that is usually related with the activities of such a kind.

Literature review

As Douglas et al. (1989) notice ‘recent years have witnessed a growing intensity of competition in virtually all areas of business, whether at home or abroad, in markets upstream for raw materials, components, supplies, capital and technology as well as in markets downstream for consumer goods and services’. According to their view ‘this has resulted in greater attention to analyzing competitive behaviour and competitive strategies effective under different environmental conditions’. They stated moreover that ‘in the industrial organization and business strategy literature, considerable interest has been centered on identifying generic business strategies or strategy types based on strategy components, such as the scope or domain of the business, resource deployment in marketing, production and R&D, asset management or parsimony, degree of vertical integration, etc.’. Their study led to the assumption that ‘the primary emphasis has been on examining the link between strategy, environment and performance, to determine the appropriate investment strategy or direction for the business, i.e., invest, maintain or harvest’ (Douglas et al., 1989, 437-438).

The development of the modern markets has caused a differentiation in the operation of business activities. As Ulijn et al. (2000) notice ‘a global economy requires business organizations to cultivate their international holdings by respecting the national differences of their host countries and coordinating efforts for rapid innovation’. On the other hand it is considered that ‘businesses in the 21st century face a wide array of complex opportunities including, but not limited to, expanding into global markets, developing internal and external innovative products and practices to remain competitive, and attracting and retaining the most talented workforce possible’. Under these conditions, ‘international markets have become enticing prospects in companies' efforts to increase market share and diversify offerings’. This assumption is explained by the fact that ‘some cultures are more resistant to cultural invasion and integration than others whereas others, upon discerning an unhealthy level of cultural contamination, react with cultural backlash and attempt to eliminate such influences’ (Ulijn et al., 2000, 293, 303).

In order for the internationalization of the company to be successful, there are a few requirements that need to be met. In this context, the training of the staff can be an indicator for the future development of this effort. More specifically, it has been stated that ‘effective training is likely the foremost determinant of whether or not an individual will be successful in conducting business in a different culture’. As of the content of this parameter, it is accepted that ‘training should include basic communication concepts (for example, verbal, nonverbal, context, or situation), general cultural concepts (for example, the effects of religion, myths, education), culturally specific concepts (such as language, rites, beliefs, customs), and the role of gender in target cultures’. Furthermore, as of the gender of the staff, it has been proved that ‘currently, much international business continues to be conducted through interactions with men’. From a general view it seems that is really ‘vital for international business representatives to understand the host culture; they must be aware of traditions, rituals, myths, attitudes, and beliefs held about a variety of issues and behaviours in order to respond in an acceptable and culturally sensitive manner, but one of the most important issues and behaviours to understand is the culture's perception of gender and gender roles’. It has also been proved that, ‘personal embarrassment and communication misunderstanding can arise from the lack of gender assumptions of the target culture’ (Hugenberg et al., 1996, 215). The issue of staff in the procedure of internationalization of a company has also been examined by Palmer et al. (2002) who ‘identify three stages of decisions for determining international staffing; in stage 1, the organization determines the importance of international operations; That need ranges from very low to very high’. In stage 2, ‘the organization determines the nature of international assignments; these assignments can range from short-term with focused responsibility, to long-term with broad responsibilities’. In stage 3, ‘the organization determines what developmental activities are necessary to prepare personnel for foreign assignments; Since training represents a considerable investment of time, effort and financial resources, it is important to determine the appropriate level of training’ (Palmer et al., 2002, 10).

Furthermore, when studying the ‘international sales orientation of firms, two distinct research streams have emerged; The first focuses on comparing the characteristics of exporters and non-exporters to see what differentiates the two; The second focuses on explaining what differentiates successful exporters (sometimes termed aggressive or committed exporters) from those firms who obtain a smaller percentage of their revenue from international sources, sometimes referred to as passive or experimental exporters’. Moreover, it has been noticed that ‘the size of the firm has been used as a discriminator within both research areas’. In these terms it has been proved hat ‘very small firms are not likely to engage in export activity but--beyond the very small classification--size may not be an important factor’. Towards this direction, a study made by Calof (1993) showed that ‘intensity (international sales/total sales) is positively correlated with firms size; On the other hand, other studies have found ‘either no relationship or a negative relationship, with small firms having a greater level of international intensity than large firms' (Calof, 1993, 60, 67).

When deciding to enter a foreign market, a company may face a significant number of barriers. According to Keren (2002) 'the comparative disadvantage of transition economies (TEs) in the provision of business services is, by definition, a comparative advantage and a profit generating opportunity for foreign firms to step in'. However it is considered that, 'the actual ability of foreign investors to step in and make money depends also on the business conditions in the target countries, including objective hurdles and policy-driven barriers to entry and/or to free operation'. Furthermore, 'given the description of the business environment in the early stages of transition, one may expect objective difficulties for a foreign company to operate'. However, there could be also 'intentional barriers that reflect interests of domestic monopolistic providers, a bias against "foreigners that may rob the country and dominate its economic policy" and, possibly, remnants of the Marxist view on the `unproductive' nature of such services' (Keren et al., 2002, 17).

The success of the business' effort for internationalization is considered as depended from a lot of parameters. Moreover, according to Luo (1999) 'host country-specific knowledge is a driving force behind international expansion performance because such knowledge cannot be easily acquired'. This assumption is explained by the fact that, 'due to "time compression diseconomies", MNEs that have spent time in a host country may acquire a significant competitive advantage compared to firms which are not in that country; within the eclectic paradigm of international production, such knowledge and experience can be considered as an ownership-specific, intangible asset which can generate economic rents'. It has also be found that there is 'a positive correlation between ownership-specific assets and international expansion success; in general, the longer MNEs operate in a foreign country, the more capability they tend to develop'. Moreover, it has been proved that 'a long-established presence in a transition economy such as China often results in a favourable image perceived by local customers, suppliers, competitors, and governments, well-established marketing and distribution network, familiarity with culture-specific business practices, and greater ability to reduce operational uncertainties and financial risks'(Luo, 1999, 270).

Itaki (1991) tried to examine the issue of the inseparability of' the 'ownership advantage' from the 'location advantage''. She found that 'the eclectic theory confuses the 'ownership advantage' in engineering terms with that in economic terms'. Moreover, she explains that 'the former is not measurable in the case of productivity innovations, or even in the measurable cases of quality innovations, the former is not necessarily in the same order as the latter'. Furthermore, 'the 'ownership advantage' in economic terms is unavoidably influenced by and inseparable from location factors'. Under these terms, 'the location and the advantage, consisting of both the 'ownership' and 'location' advantages, in economic terms are simultaneously determined'. Another important point is 'the ambiguity of the 'location advantage''. In this case 'it is strongly suggested that the theory should distinguish between real terms and nominal terms and explicitly take into consideration the problem of foreign exchange rates which convert real terms into international nominal terms'. A necessary requirement towards a successful international strategy is 'the respect of possible methodological dangers of a multiple-factor analysis under the three headings of the eclectic theory'. As it is stated 'factors of the advantage must be as non-substitutable as possible and remain relatively few in number' (Itaki, 1991, 462).

The specific type of the corporate strategy that is going to be used in each case has been found as connected with a variety of variables. More specifically, Douglas et al. (1989) found that ‘differences in environmental conditions in different country markets, in terms, for example, of market size and growth, rate of technological change, or barriers to entry, may also lead to differences in strategy’. Their research was limited in the European and U.S. market. In this context, the results of their study suggest that ‘the basic components of a competitive strategy are the same, and that the same generic competitive strategies can be identified among industrial businesses in both the U.S. and Europe’. On the other hand it is noticed that, ‘while the main features of the six strategy types were highly similar in both market locations, some differences were observed with regard to specific characteristics, especially for the integrated marketer’. To a more specific analysis it is stated that ‘in European markets the integrated marketers were characterized by a narrow product market scope, coupled with high customer fragmentation, in contrast to the broad market scope and above average quality of their U.S. counterparts’. At the same time, ‘while the broad-liners in the U.S. market exhibited low customer concentration, in European markets, the focused on a limited number of large customers’. Furthermore, in the European market area ‘innovators also had high levels of promotional expenditure, in contrast to low promotional expenditure of innovators in the U.S.’. However, such an assumption can be explained by ‘the younger age of innovator business in European market. It has also found that, ‘while similar strategy types identified in U.S. and European markets, differences were observed in the performance and business characteristics of a given strategy type between the two market locations’. (Douglas et al., 1989, 440, 447)

According to an article published in World Economic Outlook (2002, 82) ‘trends and cross-county differences in corporate indicators reflect a variety of country-specific institutional and macroeconomic factors, as well as industrial specialization and firm size, with the following key policy implications’. To a first level it is noticed that ‘policies that promote domestic financial development generally have a positive impact on corporate health’. Moreover, it is stated that ‘the transition from low to intermediary levels of financial development is often accompanied by a substantial increase in leverage, reflecting the fact that greater availability of bank credit tends to find its way into domestic corporate borrowing’. An example of the application of the above assumptions could be the ‘higher financial development in Asia relative to low levels in many Latin American countries explains some of the higher corporate leverage observed in the Asian region’. This result ‘underscores the need both for careful policy monitoring at that stage--including in the context of IMF surveillance--and concomitant efforts to strengthen financial institutions and supervision’ (World Economic Outlook, 2002, 82).

The study of the particular strategies that should be followed from a company when deciding to proceed to internationalization has showed that there are differences in the relevant approaches regarding the nature of the object of the commercial activity, i.e. if it is a product or a service. In this context it has also been found that ‘the unique characteristics of services have received acceptance, while related issues of service design and production, services marketing, and services management have been given an impressive amount of attention in books and leading journals’. Furthermore, it has been found that ‘despite this progress, a number of issues mandate continued scrutiny’. It seems though that ‘there is the growing recognition that the boundaries between goods and services have become increasingly blurred and that the majority of goods contains significant service components and vice versa' (Fahy, 1996, 24).

On the other hand, Wiklund et al. (2003, 247) tried to examine the 'small business managers' motivation to expand their firms'. To a more specific context, they 'examine the relationships between expected consequences of growth on the one hand, and overall attitude toward growth on the other'. For the above reason 'data were collected in three separate studies over a ten-year period using the same measuring instrument'. According to the results 'noneconomic concerns may be more important than expected financial outcomes in determining overall attitude toward growth'. Moreover, 'the concern for employee well-being comes out strongly'. These findings were interpreted as 'reflecting a concern that the positive atmosphere of the small organization may be lost in growth'. The conclusion seems to be that 'this concern may be a cause for recurrent conflict for small business managers when deciding about the future route for their firms'.

Towards this direction, Linkoln (1995) tried to examine the application of theory to the commercial activity to the level that the desired business results are by their structure feasible to be achieved. In this context 'social learning theory (see gray box) and research done in multinational corporations suggest that rigor--the degree of cognitive involvement of the trainee--is central to successful cross-cultural preparation'. Furthermore, 'cross-cultural training methods can be grouped according to the amount of rigor they usually involve'. Moreover, 'factual training methods tend to be low in rigor'. These include 'area briefings, lectures, and readings'. In this context, 'analytical training methods--which can include films, traditional language training, case studies, and sensitivity training--are usually moderate in rigor whereas experiential training--

interactive or immersion language training, role-playing techniques, cultural assimilators and simulations, and site visits or training within the foreign setting--tend to be intense in rigor’. Under the above assumptions it is noticed that ‘the more rigorous the training technique, the more expensive it usually is’ (Linkoln, 1995, 517-518).

According to Micklethwait and Wooldridge (2001, 17) ‘the main challenge for companies in a global economy is to situate themselves in various centers of excellence and weave together different centers of excellence into a global production network’. In this context ‘the main challenge for communities is to invest in their comparative advantage’. On the other hand, it has been stated that: ‘considerable publicity has been given to the few Swedish and German companies that have eventually moved some operations out of their highly taxed homelands;

An issue that has to be examined regarding the international commercial activity, is that the company (or the individual) that will decide to proceed to such an initiative should take into account that there are certain requirements that need to be completed. At a first level, ‘negotiation competency is as crucial in intra- and intercultural business settings as is general communicative competence in the day-to-day lives of us all’. Furthermore, it is stated that ‘communicative competence has been defined as "a speaker's underlying knowledge of the linguistic system and the norms of the appropriate socio-cultural use of language in particular speech situations"’ It is noticed furthermore, that ‘in the more specific business context on which we base our observations, we would postulate that negotiation competency draws its theoretical base from a variety of factors: the degree to which a participant knows the diverse aspects of the professional setting; sensitivity for the appropriate register in specific interactive professional exchanges; and an awareness of and openness toward personal styles of communication manifested in the negotiation situation, both by one's interlocutors and by oneself' (Ulijn et al., 2004, 41).

Cetron et al. (2005, 33) examined the requirements of the modern markets as of a successful business activity. They found that 'the growth of e-commerce enables businesses to shop globally for the lowest-cost raw materials and supplies. In niche markets, the Internet also makes it possible for small companies to compete with giants worldwide with relatively little investment'. Furthermore, it has been proved that 'demand for personnel in distant countries will increase the need for foreign-language training, employee incentives suited to other cultures, aid to executives going overseas, and the many other aspects of doing business in other countries'. In this context it is noticed that 'as Eastern Europe integrates more fully with the European Union, a major investment in personnel development will be needed over the next few years'. Furthermore, 'western companies may have to accept that proprietary information will be shared not just with their immediate partners in Asian joint ventures, but also with other members of the partners' trading conglomerates'. The main areas of activity seem to be the high technology and the aerospace which may cause the necessity for extra security due to national-security concerns'.

Specifically on the issue of the most appropriate management structure (for the achievement of a successful company internationalization), Newman et al. (1996, 753) noticed that 'until recently, the dominance of American management theory led to the belief that "one size fits all," that a good manager in the U.S. will also be a good manager in other countries, and that effective U.S. management practices will be effective anywhere'. This view – which although referred to U.S. managers could be also applied in the managers of all firms around the world - is also 'being supplanted with the knowledge that managerial attitudes, values, behaviors, and efficacy differ across national cultures'. It is finally stated that 'there is no one best way to manage a business; Differences in national cultures call for differences in management practices'.

As of the particular elements of the Chinese market, Reid et al. (2004, 347) found that 'it is apparent that many companies would have benefited from the basic formula of examining the historical experience of others'. This – according to them – 'would have revealed an error pattern on behalf of the earlier MNE equivalents'. Moreover, 'many of the examples that we came across were simply repeats of the China delusion that has haunted would-be China entrants for centuries'. It is stated furthermore that although 'the China market is potentially huge that does not necessarily mean that it presents the ingredients of an opportunity to suit every western MNE'. In fact it is noticed that 'some companies may have been influenced by short-term effects'.

On the other hand, Ellis (2000, 456) found that when deciding to activate in the global market, the decision makers can show a 'near-universal disregard for the type of formal search behavior advocated in the normative marketing literature'. To a next level, 'a focus on both sides of the exchange relationship supports the growing view in the literature that, just as international market selection in practice does not appear to follow the systematic logic of the market segmentation model on which it is based, so too does vendor search behavior generally fail to reflect the prescriptive guidelines of the underlying organizational buyer behavior model'. On the other hand, it should be noticed that 'international markets are not anonymous and the process of internationalization can be legitimately described in terms of establishing relationships in foreign markets'. It is finally assumed that 'the search for international exchange partners is generally characterized by greater uncertainty and complexity which combine to increase search costs; Decision-makers in practice respond to the inherent risks associated with FME by placing more, not less, reliance on their social networks as a means of economizing on these higher search costs'. As main conclusion of his work it is stated that 'decision-makers tend to follow the line of least resistance abroad by capitalizing on their existing connection s with others'.

We should notice here that in the context of modern commercial activities Wright (2002) suggests that 'to repair the damage and possibly even to survive, European growth companies are looking beyond their borders for potential new issuers, and are locked in a fierce battle with each other to attract them'. He added furthermore that 'they are also taking a hard look at how and whether they should improve market regulation to prevent disaster in future'.

Dichtl et al. (1990) examine the differentiation in international business activities between Anglo-American countries and Germany. It has been proved that 'while emphasis in Anglo-American countries is still placed on multinational enterprises in German-Speaking countries the traditionally high interest in small- and medium-sized businesses led researchers to examine these firms' export problems'. The main assumption from their work was that' these firms often had export potential but, for various reasons, were not taking advantage of available opportunities'. It is observed however that 'the question as to what factors prevent non-exporting or minimally exporting companies from engaging in foreign markets, and/or how such firms could be motivated to become conscientious exporters, is a matter of continuing interest to researchers in Germany (as well as elsewhere)'. Moreover, it is noticed that 'research has focused particularly on firms which, compared to others, seem to satisfy all of the preconditions necessary to become engaged in exporting yet, for some reason, do not export' (Dichtl et al., 1990, 25)

Busenitz et al. (2001) tried to examine the current conditions in the Chinese market regarding the private business owners. At a fist level there is the issue of expansion. More specifically, it seems that 'younger business owners with a higher need for achievement, greater commitment, and perceived limitations in physical facilities were more likely to expand'. Moreover 'perceived difficulties in sales and labor shortage were found to be associated with no growth and even downsizing'. The above assumptions are in accordance with the hypotheses that 'social and individual variables were significant predictors of entrepreneurial intentions'. It should be important here to note that 'different factors have varying effects on how they expect their firms to grow'. The above results show that 'perceived difficulties, market conditions, and a high level of commitment consistently affect growth decisions'. Moreover, it has been proved that 'business owners' perceived difficulties in bank borrowing and uncertain government policies were significant predictors of cooperative arrangements with other firms'. On the other hand, 'cooperation appears to be very important for pursuing growth opportunities in a transitional economy like China's'. In these terms 'if bank borrowings were perceived to be difficult, linkages with other firms were apparently a means to accessing the needed resources'. This is a possible consequence especially 'when uncertain government policies were anticipated in the future'. In this context, it has been proved that the best solution for the confrontation of the above difficulties is the cooperation with the state-owned firms. The above fact could also 'help explain why difficulty in bank borrowings was related to the intention to expand'. A possible solution could be the acquisition of 'additional financial resources through working with other firms'. In the same time, 'working with foreign firms will certainly enhance the product image and market exposure, turning difficulties into opportunities'. Furthermore, the findings of the above study regarding the 'perceived difficulties in sales are also interesting'. It seems that 'when owners are pessimistic about future sales, they tend not to expand or cooperate with other firms and that, moreover, unlike the difficulties in borrowings and facilities, difficulties in sales were perceived as a real threat'. This is also in accordance with the 'cognitive perspective that each event or attribute is evaluated differently in each person's schema'. Under the above conditions the main result of the study could be the assumption that 'different difficulties have varying effects' (Busenitz et al., 2001, 12-13).

At this point Chen (2002) considers that 'China's WTO entry comes at a critical stage of its transition to a market economy'. In this context, 'the entry will not only forcefully change the market structure in terms of its concentration and resource allocation among products of different comparative advantages, but also profoundly weaken the dominance of state enterprises in the economy'. Furthermore, it is noticed that although 'the role of the state (represented by state-owned enterprises) has declined measured by the share of the gross value of industrial output and by both the size and the share of urban employment, the state has maintained its dominance in many industries where products and services have been considered vital to national interests and has even experienced expansion in employment size in several service industries'. In the same time, 'many industries in China are characterized by numerousness of firms, sub-optimal scale of production, as well as severe overcapacities; these characteristics arise from the lack of multi-plant firms, the local protectionism, as well as the existence of exit barriers'. In this context it is considered that, 'facing the challenge of foreign competition that followed the WTO accession, the Chinese firms, especially in the industrial sector, are consolidating and catching up'. As for the industrial sector, the WTO entry is expected to have certain consequences. More specifically, 'some sub-sectors are to benefit from expanded foreign markets and will further extend their comparative advantage, some will contract in the effort to consolidate and become competitive, and yet some will shift resources to other industries'. In the above case it seems that 'reallocation of resources in this sector occurs primarily among its own industries' (Chen, 2002, 72, 81).

According to Radig et al. (1998) in modern markets 'business expansion across national boundaries is commonplace'. This lead to a differentiation of the accounting principles applied in companies which 'operate in countries where accounting principles differ according to local cultures and laws'. Furthermore, it is stated that 'the organization asked to create international accounting principles is the International Accounting Standards Committee (IASC)'. Specifically for China, business leaders 'who are interested in the vast China market should note that the People's Republic of China has agreed to participate in the meetings of the IASC for the first time'. It is mentioned however that 'currently, they do not have a vote and will only be observers'. Towards this direction, 'China recently organized the Chinese Institute of Certified Public Accountants, which has a nationwide licensing exam and is in the process of creating a Chinese Accounting Standards Committee'. The above issues can lead to the assumption that 'the willingness of the Chinese to meet with the IASC brings an important country to the global table' (Radig et al., 1998, 22).

Moreover, Ahlstrom et al. (2003) found that 'the tendency for various localities and jurisdictions, which is a common practice in China, to compete with one another while controlling (and sometimes protecting) organizations within their borders is an obstruction of interprovicial and interlocality commerce'. Under these conditions, it seems that 'foreign firms while trying to enter China they find that laws and regulations were less in evidence than they expected'. Moreover, it is noticed that 'in China, commercial law and the concept of property rights is quite new'. Furthermore, 'as more foreign firms began locating away from the largest cities, the central and provincial governments could no longer manage the increasing numbers of commercial cases'. In this context, 'one problem that emerged is that local government officials and influential individuals could interfere with foreign firms at a variety of levels; More specifically, 'these individuals can disrupt firm operations and extract resources from them'. In this case, 'although the central government does not approve, it has few mechanisms for stopping them' (Ahlstrom et al., 2003, 12)

On the other hand, it is noticed that 'China's economic reforms and recent accession to the World Trade Organization (WTO) have provided significant opportunities for foreign firms to establish marketing and manufacturing operations there'. However, 'at the same time, many provincial, county, and city officials, as well as other influential individuals have been increasingly empowered, without a concomitant legal system to guide behaviour or any lifting of numerous government controls that still stifle portions of the economy, such as provincial trade barriers that the newly empowered regional governments can exploit'. The above assumption can be combined with the remark that 'the Chinese economy, while performing well, is increasingly incapable of handling the transactional volumes normally governed by the more efficient bureaucratic and market modes of governance'. Under these conditions, 'a legal infrastructure is particularly needed to go beyond the case-by-case bargaining and idiosyncratic "rule of man" still so common in China' (Ahlstrom et al., 2003, 15).

Mcdonnell (2004, 953) examined the Chinese market and found that 'China has been one of the great successes in the developing world over the last two decades'. Moreover, 'a crucial part of the growth of industry in China has been the rapid growth of township-village enterprises (TVEs)'. It is stated though that 'the success of TVEs poses a puzzle for a property rights approach to the theory of the firm, since no one really holds well-defined, transferable property rights to control and claim the residual profits of TVEs. TVEs also pose a second puzzle: in the last five or seven years, they have started to experience serious problems, despite reforms which have improved TVEs from a property rights perspective'.

In the above context Chinese President Hu Jintao called for 'further joint efforts to deepen economic and trade cooperation between China and Germany'. Furthermore, he notices that 'remarkable achievements have been made in economic and trade cooperation between the two countries thanks to joint efforts of both sides; Sino-German economic and trade cooperation has huge potentials and broad prospects'.

Moreover he proceeded to a five-point proposal, according to which 'China and Germany should expand their cooperation in the following areas': 'increasing bilateral trade volume and optimizing the trade structure; expanding channels for cooperation and seek new areas of investment; encouraging cooperation between small and medium-sized enterprises of the two countries, as well as the big ones; strengthening cultural and human exchanges and personnel training; and increasing dialogues and consultations and improving the environment for cooperation'.

Although the Chinese market is offered for significant profits – when the commercial activity is well organized – there are still elements that can contain a risk. According to the 'Mail' (28/4/1996) 'we still remain pretty ignorant about what makes China tick, and that knowledge vacuum naturally breeds endless speculation - about which group has the upper hand in Beijing, about the army's role, about the balance between economic progressives and political conservatives, about the power of the centre over the provinces - or about whether Beijing's recent threats against Taiwan are an unsuccessful end in themselves, or part of a far longer game in which each side really knows what the other is doing'.

Methodology

The Chinese Market has been studied as of its structure and operation by a significant number of researchers. The relevant data do not involve a specific area but refer to a variety of issues related with this market. The acquisition of primary data has been proved a rather difficult task and it has been achieved through the relevant research of individuals and organizations.

At a first level and referring especially to the *entrance in foreign markets* French (1997, 10) found that 'a traditional route for private capital moving into the developing world is as "foreign direct investment" (FDI) of corporations setting up local plants'. Today, 'FDI has expanded rapidly, as multinational corporations build a stronger presence all over the developing world, often through joint ventures with local companies'; As an indicative figure we could refer to the 'current level of FDI which has climbed from $24 billion in 1990 to $93 billion in 1996, or 40 percent of total private flows'.

When examining specifically the performance of *German companies* we can lead to the assumption that *the future of these companies* is very optimistic. According to **Dow Jones News Service** (2005) ‘German companies should expect production and export growth next year that should lead to German real gross domestic product growth of up to 1.5%’. Moreover, as Huether M. (president of the IW institute) stated: ‘German companies are going into the year 2006 with confidence and courage’. Furthermore, he argued that ‘Actual economic developments and companies' expectations signal the German economy has notably gained in upward potential’. He also supported his view by a survey made by the institute (in which 1,804 companies participated) according to which the German economy will expand more strongly next year than previously assumed’. The same survey suggests that ‘IW forecasts growth of up to 1.5% for 2006, a prediction that is much more optimistic than those by other German or international organizations. Germany's six leading research institutes forecast 1.2% growth in 2006 after expected growth of 0.8% this year, as does the International Monetary Fund’.

Towards the same direction, Rogers and Graham (2005) stated that ‘*Germany's economy* expanded by a stronger-than-expected 0.6 percent in the third quarter, helped by a surge in exports and strengthening corporate investment, according to preliminary data’. They noticed however that ‘weak household spending caused an unexpected decline in a separate gauge of investor confidence published by the Mannheim-based ZEW institute, underscoring Germany's continued reliance on exports to power economic growth’. According to an announcement of the **Federal Statistics Office**, to which the above writers refer, ‘Germany's gross domestic product (GDP) increased by 0.6 percent quarter-on-quarter and by 1.3 percent compared with the previous year, not adjusted for the number of working days’ Furthermore, a ‘Reuters poll of 40 economists had predicted quarterly expansion of 0.5 percent and year-on-year growth of 1.2 percent'.

Regarding the *internationalization of German companies*, it has been found that 'as many as one fourth of all German medium-sized companies plan to relocate parts of their production abroad due to the unfavourable general conditions in the country'. The above assumption is the result of a study of the **Federation of German Industries** (BDI) published on June 13, 2005 regarding the behaviour of the German corporations towards the foreign markets. Moreover, IKB Deutsche Industriebank AG CEO Stefan Ortseifen stated that: 'the foreign operations of German companies create unjustified discomfort among the German public. Furthermore, Germany itself lives from the international division of labour'. Towards that direction, 'the planned relocation of activities to other countries is mostly seen as a strategy of success'. More specifically, according to 'the survey of 2,500 German companies, the larger, internationally active medium-sized German companies relocate significantly less jobs than the smaller ones'. It seems that 'the larger companies even register an almost 5.0 pct increase in number of employees' (German News Digest, 2005).

According to an article published in 'The Daily Mail' (16/3/2005) 'many Mittelstand companies - medium-sized family-owned concerns that make up the backbone of the economy - are calling for urgent reforms to give them more flexibility. They say they are strangled by red tape, much of it emanating from the European Union and added to by their government'. Moreover it is stated that 'the business community believes the generous German social welfare system must also be overhauled if the country is to overcome its economic woes, including a post-World War II record of more than five million people unemployed'.

Dichtl et al. (1990) present the results of a research sponsored by the **German Research Foundation (DFG)** regarding the *international business activities of German firms.* They found that 'Small- and medium-sized firms are unable to participate in fairs or trade shows overseas, partly due to financial and partly due to other factors summarized under the heading of "lack of know-how"'. Moreover, 'there can be no doubt about the usefulness of such market events as places for establishing contacts, as recognized by the availability of government assistance programs, which can result in a considerable reduction particularly of the financial burden'. Under these terms, it is noticed that 'government information services should pay greater attention to the actual needs of exporters'. As a reason of the *'limited area of research'* it is stated that *'the information supplied by the Federal Agency for Foreign Trade Intelligence, chambers of industry and commerce, the Federal Statistical Bureau, credit industries, as well as various industry associations, is of great variety, yet hard to trace and to access'* According to the findings of the above research, 'German respondents are somewhat satisfied with nongovernmental institutions (e.g., chambers of industry and commerce, trade associations), while government institutions are heavily criticized by many respondents'. It is also noticed that, 'passive export promotion--the predominant way of helping, i.e., reacting to inquiries or orders only--is at least part of the problem here'. To a statistical level, 'a certain lack of action by respondents plays an important role, for only 20% of those dissatisfied with export information available knew about the consulting services rendered by the chambers of industry and commerce, while the respective percentage was much higher for the respondents satisfied in this regard

(71.4%)’. Dichtl et al. (1990) also refer to another study according to which ‘companies with export potential were found to have to be "taken by the hand," in order to successfully master the first steps involved in becoming systematically engaged in international business’. In this context it is stated that ‘beyond these single measures, governmental institutions should display stronger efforts at raising the level of awareness about the importance of exports for a country, as well as opening up a greater range of opportunities for entrepreneurs’. Under these conditions, it is considered that ‘a "call for action" should encompass governmental agencies, the media, business associations, and educational institutions’ (Dichtl et al., 1990, 29).

As of the particular characteristics of the Chinese market we should notice that one of the *basic industries that are developed in China* seems to be that of automobiles. More specifically it has been found that ‘worldwide, there are 551 million cars on the roads, and we're buying about 44 million new ones every year. The United States invented the car culture and hosts a quarter of the total. In a few years, China will own another quarter.’ (World Watch, 2005)

According to WPS (Motor Digest, 2005) ‘even in spite of the fact that China got close to it, its role in the world car production doesn't get less important’. It is also stated that ‘today the country produces motorcars of six popular originally German brands - Audi, BMW, Mercedes-Benz, Opel, Porsche and Volkswagen, the key players of the German car industry are three companies: Volkswagen, DaimlerChrysler and BMW’. It is noticed that ‘last year total production volume of these three players made 10.9 million cars, though the share of the cars produced in Germany itself is a little more than one third’. To a more analytical presentation of the above figures it is noticed that

‘Volkswagen group is the leader of German car production’. Furthermore, a statistical comparison is used in order to support the above presented views. In this context, according to statistical data ‘almost 40% of its cars are assembled in Germany, however most "people's" models of the concern (Volkswagen, Seat and Skoda) are produced outside the country, mostly in Spain (13%), Brazil (11%) and China (11%), the share of which in the company production structure doubled and continues growing’.

Stellfox et al. (1996, 3-4) found that ‘*exports to the Chinese market* are predominately specialized, high-tech, or heavy duty equipment, which is not manufactured domestically’. Furthermore, it is noticed that ‘while generally receptive to American construction equipment, the Chinese cite relative high price and their lack of knowledge about American products as hampering U.S. export growth in this sector’.

According to the research made by Stellfox et al. (1996, 4) ‘the Chinese are in need of the following types of *equipment,* especially technologically advanced equipment and heavy duty machinery: Excavating machinery (1,000 tons or above), Tower cranes (400TM or above), Vibrating road compactors (18 tons or above), Large-scale concrete mixing stations, Large-scale high pressure concrete pumps, High-quality road maintenance equipment, Mini excavators and loaders, Concrete mixers (100 tons or above), Road pavers, Tunnel drills, Wheel loaders, Concrete-mixer trucks, Trenchers, Polishers, Large tractors’.

On the other hand, Leisek (1983, 50) tried to examine the phenomenon of the rapid development of *Chinese market* in accordance with its *political history.* In this context he stated that ‘the bulk of the writings on imperialism, from the Chinese political and scholarly analysis of the early twentieth century to Chinese and Western scholarship of the present, can plainly be located in the context of a battle between Eurocentric and

Sinocentric interpretations which characterizes the historiography of modern China. Either China's subjugation and underdevelopment are understood With reference to factors embedded in the internal fabric of Chinese society, or they are understood to rise out of external developments centered in the West (and later Japan)'.

Yin (1999, 28) conducted a '*worldwide survey of foreign advertisers in China'*. It is stated that, 'all the firms that have business in China were selected in hopes of getting as many international advertisers in China as possible'. The companies that found in this context were approximately 873 which 'were all surveyed in order to ensure an adequate number of responses'. Regarding the strategy followed by the above companies when operating in China, the following results extracted: 'Out of a total of 186 usable responses, the predominant majority, 140 companies, use the combination strategy, that is, partly localized and partly standardized. That makes up 77 percent of the total. Some 22 international companies, about 12 percent--a significantly lower number--use the specialized or localized strategy in China; while 19 companies, 10 percent, use the standardized strategy'.

Reid et al. (2004, 237) studied specifically the issue of the strategic management regarding the entrance of a corporation to a foreign market. They found that a key variable for the success of such an effort is the strategic foresight which 'can play a significant role in the long term success, or failure, of business corporations in the sense of 'understanding the future''. On the other hand they noticed that, 'in understanding the development and management of strategic foresight within business enterprises, instances where lack of foresight was exhibited, can be equally instructive, especially when these business organizations are some of the world's largest multinational corporations and they are faced with a situation they had met before: new market entry'.

Using a series of 42 interviews among executives from ‘*Multinational Enterprises (MNEs) currently operating in China*’, Reid et al. tried to identify ‘the causes and consequences in the lack of foresight exhibited by many MNEs in their China -market entry strategies’.

To the above context and regarding the relation between the two countries, an indicative fact of the developing relationship between China and Germany – regarding their cooperation in industrial activities – is that Chinese President Hu Jintao's visited Germany in order ‘to further boost the already strong economic ties between China and Germany’ (according to ‘Alfred Wewers, chairman of the German Chamber of Commerce in China and chief executive officer of the ThyssenKrupp (China) Ltd)’. Actually, ‘the figures of Sino-German trade are very impressive this year’. More specifically it seems that ‘just between January and June 2005, bilateral trade between China and Germany-China's major trade partner in Europe, amounted to 27.1 billion euros (US$32.25 billion), outstripping the total trade volume of 2002’. Furthermore, statistics show that ‘in the first five months, Germany had imported Chinese products amounting to 17.61 billion euros (US$20.96 billion), a jump of 30.4 per cent’. Moreover, according to a recent survey ‘more than 60 per cent of German companies believed that the business climate in China has improved significantly’ (*Industry Updates, 2005*)

Finding

According to the above the Chinese market is offered for investment opportunities, it is however rather limited as of the commercial activities that a company could perform successfully in it. Towards this direction, Brouthers and Xu (2002, 667) found that the stereotype regarding the Chinese market is that ‘of a commodity product’. In this context, ‘any differentiation strategy, like branding (and consequentially charging a premium for the branded product), may be very difficult for Chinese exporters to successfully implement because it operates against their stereotype’. Furthermore, they found that ‘pursuing non-branding (low price) strategies appeared to work best for Chinese exporters when they heavily targeted DCs’. On the other hand, ‘pure low-cost strategies may become increasingly less viable for Chinese companies to pursue’.

As of the specific type of strategy that a foreign company should adopt in order to enter the Chinese Market he results indicate ‘a clear trend toward the use of the combination strategy in China’. Specifically for the area of advertising – as an indicative sector - , it has been found that ‘of the seven types of advertising agencies, international agencies are the ones used most, followed by home-country agencies and corporate in -house agencies’ One the other hand, it seems that ‘some of the corporations use more than one type of agency, with results showing a preference for international agencies’. This suggests furthermore that ‘foreign advertisers in China need the experiences of the international agencies in foreign markets’. As of the advertising components, it has been found that ‘localizing language to blend with local culture is rated as "most important" in advertising transferability’. At a second level of importance is ‘the need to localize product attributes, models, colours of advertisements, humour, scenic background, and music’. As of the advertising transferability, the key seems to be the ‘acceptance of trademark or brand name’ whereas at the last position (regarding its importance) was found to be ‘the group of factors concerning Chinese cultural values, lifestyles, media, and control--attitude toward country of product origin, media characteristics, level of government regulation, attitudes toward spending money, monetary gain, individual goals, face-saving, work, degree of nationalism in China, independence of media from government control, attitudes toward collective needs, authority, sex roles, and eating patterns of the market' (Yin, 1999, 28)

A major issue that has appeared following the results of the current study is that the Chinese market although often presented as an attractive investment opportunity it is however connected with a high risk of business failure due to the overestimation of demand regarding its internal absorption. In this context, it has been found that the 'significant overestimation of demand for their products is a major problem that most multinational corporations faced in China; This overestimation of demand led to significant overestimation of investment in production capacity, which in turn led to over-capacity and a diminution of profits'. Moreover, 'it is widely believed, within the foreign community of multinational managers, that several foreign manufacturers can meet their annual sales quota with one month's production'. Regarding the reasons for which 'demand failed to materialize' there is not a specific explanation, however the major causes were considered to be: 'lack of consumer purchasing power, intense market fragmentation, and consumer characteristics'. As of 'the lack of consumer purchasing power, many entrants remain beguiled by the population size'. In fact, 'MNEs often overlooked the fact that 70-80% of China's population is farmers who do not have the purchasing power required, and, furthermore, are distributed widely and thus hard to reach'. In addition, the market, 'despite its 1.3 billion consumers potential, is not a single unified market; Demographic, regulatory and distribution factors contribute to this high degree of market fragmentation'. The role of the demographic factors can be explained by the fact that 'many young consumers, with high levels of purchasing power, who can and are willing to buy new/western type consumer products, purchase limited quantities and only for themselves whereas older consumers, who tend to purchase for their families and buy larger quantifies, either do not have the required purchasing power or are not willing to 'experiment' with western type products’. Moreover, it is considered that China's legal environment, ‘despite the liberalization policies that have been championed by the government has a long way to go before it approaches deregulation as this is understood in western market economies’. The above ‘highly regulated environment, compounded by the fact that these regulations come from a multitude of national state and local agencies creates additional market barriers where producers from other localities’ has an important disadvantage and this is referring mostly to its continuous change in accordance with the external competition but also with the internal financial and social turbulences (Reid et al., 2004, 245).

The commercial relationship of two countries – Siemens Ltd

One of the German companies that have been activated for a long time in China is Siemens. The historical development of the above company in the Chinese market place can be presented through the following events [1]: ‘a) **1872:** Pointer telegraphs exported to China, b) **1899**:Siemens constructs China’s first electric tram line in Beijing, c) **1903 – 1913**: Siemens builds power plants, a steelworks, a hydroelectric power plant and China’s first high voltage line, d) **1904**: First representative office in China, e) **1914:** Renamed Siemens China Co., Shanghai, with numerous sub-offices, f) **1920 – 1936**: Major orders for the building of power stations in Shanghai, Harbin, Nanjing, Guangzhou, g) **1922**: Siemens China Co. becomes a Limited Liability Company, h) **1930s:** Siemens China Co. is Siemens’ largest company outside Europe, i) **1974**: First major order for the supply of steam turbines, j) **1978:** Siemens exhibition “Electrical

Engineering and Electronics” in Shanghai, k) **1982**: Opening of a Siemens representative office in Peking, l) **1985**: Memorandum of Comprehensive Cooperation between Siemens and China’s machinery, electrical and electronics industries with respect to technology and know-how transfer, m) **1986:** Contract for the supply of computer systems to Chinese universities; training of Chinese specialists in Munich. from 1987 Formation of numerous joint ventures , n) **1994**:Founding of Siemens Ltd., China, o) **1999**: 15 machine transformers ordered for the Three-Gorge Project on the Yangtze, the largest dam in the world, p) **2003**: The Transrapid is used commercially for the first time on the Shanghai – Pudong Airport route’.

According to the company’s strategic management team [1] the ‘key issue to the cooperation between Siemens and China is the effort of the former to ‘cover’ all the areas that are most important to the development of the latter, i.e. the country’s telecommunication, energy, transportation and industrial production infrastructure’. It is also noticed that ‘throughout its long and intensive relationship with the country, Siemens has always provided the most advanced and innovative technologies of the time to support China’s development and modernization’. Currently, Siemens is ready to cooperate with China’s energy sector in order ‘to provide efficient, environmentally compatible and economical power plant technology’. Moreover, it is highlighted that ‘the development of the country’s transportation infrastructure, particularly the railway network is a decisive factor in determining how fast and far China can push its economic development’. Regarding the area of information and communications infrastructure for transmitting voice and data, it has been considered that ‘a highly efficient telecom infrastructure tailored to the country’s specific needs is indispensable’. Towards this direction, Siemens has provided over the years ‘modern digital switching systems, high performance transmission systems and mobile communication systems that have created an advanced network which is today capable of transporting both voice and enormous volumes of data anywhere in very short time'.

The position of the company in the Chinese market has become even stronger today with the application of the following principles: a) a corporate governance which is based on 'financial transparency, candid communication with the shareholders and strict adherence to all rules and regulations concerning financial reporting', b) ethical standards of business practices and compliance with the local laws, c) compliance with the environmental policies, d) good corporate citizenship.

Currently, the areas of company's activation in the Chinese market are the following: 1) information and communication technology, 2) automation and control, 3) power, 4) transportation, 5) medical, 6) financing, 7) lighting and 8) home appliances. Another important area of the Chinese market in which Siemens participates actively is that of the research for new products and practices in its area of interest. In this context, in 2004 Siemens ranked as one of the top patent applicants in China with over 700 patent applications filed.

As for the financial development of the company in the Chinese market it is noticed [1] that 'the substantial growth rates in sales and new orders drive market share gains and as a result China is expecting to become a cornerstone of Siemens global businesses'. Furthermore, it is also mentioned that Siemens China continued its 'strong growth momentum in Fiscal 2005 (ended September 30th, 2005) showing substantial growth rates and gains in market share. New orders increased 34 percent from 41.8 billion RMB to 56.0 billion RMB (5.3 billion EUR). In the same period, sales climbed from

38.4 billion RMB to 44.3 billion RMB (4.2 billion EUR), an increase of 15 percent over fiscal 2004; Both new investments and expansion of existing operations fuelled the growth; The provincial sales network, manufacturing, R&D and purchasing activities were substantially expanded'. Moreover, 'tapping into China's talent pool', the company 'added 5,000 staff to its local operations and remains one of the largest foreign invested enterprises in China with over 36,000 employees'.

The presence of Siemens in China today is really impressive. Currently there are 53 regional offices which are expected shortly to be expanded and reach the level of 60. The main characteristic of the regional expansion of the company in China is that it is not limited to a specific geographic region but covers a vast area of the country.

Summary and Conclusion

From all the above mentioned, it seems that the relocation of a company to the Chinese market can be partially explained under the absence of stability that characterises the business area in general. However, it should be noticed that sometimes the detailed examination of all the elements that such a project contains, may prove the existence of potential risk especially when referring to the application of such a business strategy in practice.

Under more realistic terms, the example of Siemens Ltd shows that the commercial development of a Western company (especially of a German one) is feasible if certain requirements are being met. More specifically, the examination of the company's strategy and structure leads to the assumption that the financial growth of a foreign company in China is the result of a series of standards. According to the firm's current operational activities, a priority when activating in a foreign market is the respect of the local laws and ethics. Moreover, the effort to understand and adopt the local culture should be continuous. Such an organizational structure and method of activation is very likely to lead to a positive result and when combined with the existence of high level of experience and professionalism – like in case of Siemens – then the operation in the Chinese market will be a very profitable experience for the company involved.

It should be noticed however that although there seems to be a lot of measures of protection for the businesses that proceed to such a decision there is always the risk of unknown that is related with the operation in a foreign market. Specifically for the German companies that operate in the Chinese market, it seems that there is a strategy of mutual cooperation which can create profit for both countries. On the other hand, the partial differentiation that the two countries present regarding the production process (or the delivery of services) can create a net of protection for the parties involved. Moreover, the existence of specific rules that govern the business activity in China can guarantee that the foreign enterprises are operating under the control and the security of the relevant authorities with any more advantage that such a reality can offer to the entrepreneurs. In the case of Siemens, however, it seems that there are not points of differentiation or confliction with the local authorities or the local rules. This could be possibly explained by the fact that the specific company has a long period of activation in China and during this time the understanding of the local demands, rules and traditions has been achieved to the most feasible level.

Limitations

The above studied had to be limited to the reference to research made and to data collected by third parties. Also, the figures used to present the current and the future situation (as expected in accordance with the structure and the extension of current business activities) have been presented as included in the publications of relevant commercial organizations. The main reason for such a kind of research can be located to the 'close' character of business activities that are performed in China (in terms of the data presented to the general public for evaluation or just for information). The reason for the above phenomenon can be explained either by the absence of specific local organizations (when referring especially to the Chinese market) that deal especially with such a task or by the lack of sufficient knowledge for the participants (companies) in order to offer to their stakeholders this type of information. The difficulties that are related with the entrance in the foreign market and the particular characteristics of the Asian markets seem that can explain such a business weakness.

Recommendations

As the above studied showed, the Chinese market should be re-structured – at least up to a level – in order to 'compete' the similar commercial environments that are offered in other developing countries. In this context, MacMurray (1994, 68) found that 'as China's enterprise reform movement accelerates, MNCs will need to closely monitor the evolution of the industries in which they participate and seek a deeper understanding of the emerging competitors and acquisition candidates in each'. Furthermore, this re-structuring should be followed by the introduction of a series of relevant laws that will ensure the effective protection of any kind of business activity performed by foreign companies or individuals in China. The role and the extension of influence of the local authorities should also be examined very carefully in order for such an effort to lead to a positive result.

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Research Proposal

Title:

How Do International Marketing Strategies Help Firms Achieve Competitive Advantage: Germany companies being successful in China

Introduction

This article presents the findings of a study of the successful international marketing strategies and headquarter-subsidiary relationships of Germany companies operating overseas. As manufacturing and labour costs rise in Germany and the country's international competitiveness comes increasingly under the microscope more and more Germany companies are investing overseas. In 2003 and 2004 Germany became the world s largest exporter of goods, ahead of the US. At the same time, the value of German imports was less than half that of US imports. Reunification in 1990 led to a sharp fall in the trade surplus in the early part of the decade, as production was diverted from the export sector to the domestic market in the eastern states and strong wage growth reduced competitiveness. However, the surplus recovered during the 1990s, albeit with an interruption towards the end of the decade and up to 2002. The recovery of the surplus and the renewed rise in Germany’s world market share partly reflects weak wage growth that has reversed the earlier loss of competitiveness. In addition, feeble domestic demand has forced companies to shift their attention on markets abroad.

Germany’s exporters have also been in a strong position to benefit from the strengthening of central and eastern European economies. They now account for as high a value of German exports as the US, approximately 10% of the total. The euro area economies receive 44% of Germany s exports. The largest single contribution comes from road vehicles and parts, exports of which totaled 134bn (18% of total exports) in 2004, followed by exports of machinery worth 103bn, a sector that has grown at a particularly dynamic pace in national markets.

Aims & Objective

(1) To assess to what extent Germany companies adapt their marketing strategies and organisations to meet the needs of overseas customers; and

(2) To determine the extent to which market adaptation influences market success. The research concentrates on one overseas market ± the China. The Chinese market is an important Asian market for Germany companies, not so much because of its size, but because it is considered to be one of the most open and highly competitive markets in the world.

Methodology

The research strategy is based on a series of data acquired from private and public organizations and relevant statistics associations. The above data have been analyzed using a comparative approach. The organizations that have been used towards that direction are: the Federal Statistics Office (Germany), the Federation of German

Industries, the German Research Foundation. To the above institutions there is also reference to surveys that have been conducted regarding the German market area (Dow Jones News Service, Dichtl, 1990, research based on data of Federal Agency for Foreign Trade Intelligence, German chambers of Industry and Commerce, credit industries industry associations). There are also surveys that refer to the Chinese market like the one made by Stellfox et al. (1996), Yin (1999, worldwide survey of foreign advertisers in China, Reid et al. (2004, a series of interviews among 42 executives from 'Multinational Enterprises currently operating in China). The research is also supported by data gathered from industrial publications like the Industry Updates, World Watch, German News Digest etc.). The data involve to the current position of German companies operating in China from a general point of view (i.e. as an industrial unity). The choice of the above methodology can be supported by the following assumptions: the Chinese market although rapidly expanded seems to lack from the existence of specific organizations that will be able to provide information on particular companies that are operating in this market. On the other hand, due to the variety of the industrial structures that characterize China – like all the Asian markets – the analysis and the presentation of data regarding each particular company that participate in its market cannot be achieved especially when the traditional methods of commerce are dominating the market. Finally, due to the particular character of the above business environment, the provision of information from companies that operate has to be in accordance with the terms of the local administrative authorities and the rules that govern the area.

In order for the research to be more completed there is an example incorporated which refers to the activation of Siemens Ltd in the Chinese market. The choice of the specific company can be justified by its size, its level of internationalization and its presence to the Chinese market for a quite long period of time.

Resources

Regarding the research both the data and the theory referred to it are going to be undertaken from learning centers, libraries, electronic databases and the Internet.