

9.2. Products (RC)

Introduction

Choosing or developing the right products for the Chinese market can lead to high upfront cost before you are even able to sell the products. This short chapter gives you some aspects to consider before you even think about pushing a product into the market.

Does your product have a future?

When you are considering to sell products in the Chinese market, you want to make sure that they have a certain future or at least you can quickly earn money with before they get phased out. Since most companies treat the Chinese market as a strategic market, it often makes sense to choose products that at least somehow have similarities with the 5-years plan that is being promulgated by the Chinese government since this will at least give you some certainty that your product will not be suddenly banned or phased out due to regulatory requirements.

Customer fit

Customer behavior and requirements are a factor that has to be considered during introduction of a new product. Try to understand your customer and his needs before even trying to push something in the market. Often customers' decisions are being made differently of what you might expect: Local expertise of your staff or on a macro-level external consultancies might be able to help you out.

Technical fit

You should consider if your products are suitable for the Chinese market on a technical level, this means for example:

- Can it get the required certifications, e.g. the Chinese compulsory certificate?
- Does it work with the local commodities, e.g. Electricity, Water, Air, Raw materials?
- Can it be used in the local internet with regulated access to the "international" internet?

Regulations Fit

While China often uses similarities with other markets, there can still be certain differences that will decide if your product can be successful. Before even trying to push your product into the market try to understand what technical specifications are required to allow the import or sales of your products.

Incentives

For some certain markets incentives might exist, e.g. partial refunds for certain products driven by government incentives. When considering these benefits, you should also be sure to identify who the benefactor will be: Will it be the customer? Will it be your company directly? Incentives tend to increase the overall market in China while not having a direct benefit for a single manufacturer, especially not international ones.

Localization

Do not expect that you can just use a product from your international market and you would just be able to throw it into the market successfully with at least some localization. While some of the localization requirements are driven by government regulations, others can be more driven (softly) by customer behavior. Due to the low level of English with customers, the least you should expect is a translation of written text, e.g. manuals. Often this is not sufficient though: Products should be localized to the market in all relevant aspects to have the most impact.