

# Market Strategies, Analysis, Competitive Intelligence and Challenges in Entering the Chinese Market

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## ABSTRACT

China's impressive economic growth performance over the past thirty years has elevated China to the second largest economy in the world. This economic performance was achieved with a centrally planned government and a market oriented system. Further, China lacks the coherent political ability to develop a legal reform that supports its current fragile and opposing political system; split between liberal ideologies and socialistic authoritarianism (Choukroune, 2009). Research suggests that Western academic and prescriptive literature on basic strategic marketing practices are practiced in Chinese manufacturing companies, with higher performing firms differentiating themselves by utilizing effective local marketing strategies (Huan, Brooksbank, Taylor & Babbis, 2008). And although there is a trend towards adopting Western marketing management theories, there are efforts to apply indigenously developed theories (Sutton-Brady, Voola, & Yuksei, 2010). However, China has a very unique and complex culture and philosophy that directly influences marketing strategies, consumer preferences and emotional appeal. Marketing strategies and research into doing business in China must be comprehensive in capturing the depth and understanding of China's political, legal, economic, social, cultural, and environmental systems; as well as development of marketing strategies, competitive intelligence strategies, marketing analysis, mode of entry, cultural impact on consumer behavior and so on. Further, researchers argue that organizations' marketing strategies must be locally adaptive and responsive in foreign countries; that is, *think globally; act locally*. Moreover, research further suggests that the Chinese consumer market is diversified, dynamic and constantly evolving at a rapid pace, reflecting China's economic growth.

**Key words:** Chinese market strategies, Chinese market analysis, Chinese competitive intelligence, Chinese market-entry strategies, Chinese market research

## Introduction

Recently China has surpassed Japan as the second largest economy in the world; with future projections suggesting it will surpass the U.S. economy, as the largest economy in the world, by the year 2030 or sooner. Thus, China's impressive economic growth has developed into a strong domestic competitive environment, rivaling many foreign markets; where business strategies will determine who wins and loses (Adidam, Gajre, & Kejriwal, 2009; Liu & Roos, 2006). Further, China's competitive market affects MNCs in different countries, even if they do not have a presence in China. Additionally, China's impressive economic growth over the past few decades has increased the interest of companies from different foreign countries in understanding Chinese companies' business strategies, cost structures, and other factors that have allowed them to challenge, competitively, companies within China and those in foreign countries (Adidam, Gajre, & Kejriwal, 2009). Moreover, China, the fastest growing economy in the world, has been successful in its transition from a command economy to market-oriented economy. And as China has deregulated its markets, foreign competition has increased against China's SOEs (Wang, Zhao, Ning, & Yu, 2010).

For many decades China closed its doors to the rest of the world. During this period China had a central planning system. And in the late 1970s to early 1980s China transformed its economy to a market economy with the objective of achieving economic growth and social development. This strategic approach was further motivated by China's desire to gain, economically and financially, from globalization. And to achieve this goal China had to develop internal policies that promoted integration into global institutional systems. China's economic growth performance over the past three decades, averaging 9.7%, and especially during the most current global financial crisis has led many countries to change their perceptions of China (Torres, in press).

While China continues to lead in economic growth, it has come at the expense of environmental pollution and a widening in gap between the income levels. Thus, many Chinese corporations are lacking principles of Corporate Environmental Responsibilities (CER), or also called Corporate Social Responsibilities (CSR). Research suggests that the primary reason why Chinese corporations seldom practice CER is that their competitive strategies in cost cutting leave them with limited resources to comply. Today corporations are viewing environmental

regulations as suffocating industry competitiveness; costly to society, and not at all improving environmental performance (He, & Chen, 2009). With such a strong global awareness, with regards to CSRs, due in part from the recent misguided corporations such as Enron, and many others, CSRs must be addressed by China if it is to sustain itself as a global competitor.

While China's economic growth has been rapid, they did not follow the traditional free market economic approach. Instead they used a gradual approach to privatization of SOEs and while maintaining more governmental controls than that found in free developed economies. That is, "there has been a decrease of government intervention in the consumer market since the consumer reforms in 1979" (Hui, Siu, Wang & Chang, 2001, p. 327). But this economic growth has not come without social and political challenges and hardships. And the future processes, yet to be developed, of this transition are still being written, since China remains a central planning system and they are focused on increasing their presence in the global economy that requires different structures and policies (Torres, 2010).

To this end, research suggests that Western basic marketing strategic theories and practices are effective in China. However, marketing strategies must follow in-depth Chinese marketing research in identifying market differences based on culture, political, economic, social and legal systems; that is, localization and adaptation. Further, the literature suggests that the Chinese culture is unique and complex and must therefore, be understood in order to apply the 4Ps of marketing mix effectively and in adapting to local consumer tastes and emotional appeal. Furthermore, research also suggests that the younger generation in China has adapted to global brands, whereas the older and more traditional Chinese prefer local brands and are slow to changing their preferences. Additionally, literature suggests that cross-cultural equivalence analysis must also be conducted, since often English words; for example, do not have a direct translation in Chinese. Research also suggests that the Chinese cognitive map is heavily influenced by their history and ancient literature. This influence is reflected in the Chinese psyche during negotiations, for example. As with all market entry strategies, China poses new challenges not faced by many corporations. Therefore, exhaustive research must be done with respect to the mode of entry into China, where risks and all variables have been considered. And market research must include competition in China and in foreign countries that do business in China. Moreover, research suggests that "regional heterogeneity of the Chinese market should be carefully considered to implement effective marketing strategies" (Li, Shenghui, Ahn, 2010, p. 55).

### **Multinational Marketing Framework – Market Strategies**

Research suggests that to succeed in China, market strategists must have an awareness of all the different rules and success factors that exists in different business sectors, especially in industries that are directly subjected to specific governmental regulations (Liu & Roos, 2006). Therefore, in developing a strategic planning framework to succeed in China, two strategic paradigms must be considered and they are associated with restricted (controlled) and encouraged (unrestricted) industries. In controlled or restricted industries, investors cannot exceed a maximum of 50 percent ownership within the organization (Liu & Roos, 2006). Further in controlled, or restricted, industries a *guanxi* focused paradigm is prevalent and critical; that is, by employing people with strong human relationships skills and significant networks, or connections. Because *guanxi* is a part of the Chinese culture and therefore very important, improper application of *guanxi* principles can result in ineffective strategies and increased cost (Liu & Roos, 2006). The concept of *guanxi* is strongly emphasized and practiced in central and municipal governments (strategies), and with partnerships, suppliers, customers, and employees (operations) (Liu & Roos, 2006). In the encouraged or unrestricted sectors *guanxi* has lost a little ground to market-focused competitive principles and practices, which generates the winners and losers (Liu & Ross, 2006); although *guanxi* (relationship marketing) still plays a significant role since it is a part of the Chinese culture. Additionally, the market-focused paradigm includes the following key elements: a high level of adaptation to local needs; management of local (Chinese) competition; management of marketing dynamics; and localization of management (Liu & Roos, 2006). Therefore, generally a standardized approach to doing business internationally is ineffective, and organizations must be adaptive and responsive, in foreign countries; that is *think globally; act locally*. Strategic plans and analysis must assure that local responsiveness and their influencing elements are included. And applying the localization principle to marketing management can help achieve two important goals: being close to the market; and reducing operating costs (Liu & Roos, 2006).

Furthermore, having an understanding Chinese consumer behavior and their decision-making styles is also critical for international marketers who are interested in China's growing consumer market (Hui, Siu, Wang & Chang, 2001). Further research suggests that the Chinese consumer market is diversified, dynamic and constantly evolving at a rapid pace, reflecting China's economic growth. Therefore, with more and more products and services

being made available to the average Chinese consumer, their behaviors are becoming more complicated as well as new developing consumer segments (Hui, Siu, Wang & Chang, 2001). The researcher argues that the consumer decision-making process is a complex phenomenon, especially in China's growing economy. Additionally, the purchasing decision of products and services include variables that could affect the buying outcome process (Hui, Siu, Wang & Chang, 2001). And "profiling consumers by combining their decision-making styles and demographic variables provide more meaningful ways to identify and understand various consumer segments and to target each segment with more focused marketing strategies" (Hui, Siu, Wang & Chang, 2001, p. 326). For example, the Chinese consumers arguably can be classified as "trendy, perfectionistic, traditional and pragmatic consumers, and at the same time, confused by overchoice consumers" (Hui, Siu, Wang & Chang, 2001, p. 326).

The researcher has suggested that a marketing strategy for entry into China must be comprehensive in capturing the depth and understanding of China's political, legal, economic, social, cultural, and environmental systems. Further, China's unique relationship between their centrally planned system, market system, economic institutions, infrastructure, and most importantly their thousands of years of history demonstrates the complexity of doing business in China, in comparison to many other foreign countries. While globalization can occur at various levels such as markets, organizations, and consumer levels (Usunier & Lee, 2009), globalization has specifically impacted China in all of these areas as well. Further, while strategic management can be applied globally, marketing management largely needs to be tailored to local contexts. Therefore, intercultural orientation to international marketing supports a global strategic perspective (Usunier & Lee, 2009).

The Chinese cultural and philosophical framework used and proposed by the researcher, for developing marketing strategies and research, should include, at a minimum, the following elements: (1) culture definitions; (2) cultural dimensions; (3) cultural dynamics; (4) emotional intelligence (EQ); (5) cultural intelligence (CQ); and (6) country specific culture and philosophy. The researcher argues that in understanding some countries' cultures, such as China, additional elements related to literature and history may also be included. For example, in understanding the Chinese culture, beyond the framework above, the following is also required in effectively communicating and negotiating with the Chinese: (1) Chinese communication; and (2) Chinese culture and philosophy, which includes Universism, Taoism, Confucianism, Maoist bureaucracy, and Sun Tzu's stratagems, at a minimum.

Kumar (2000) argues that the Chinese "seem to have a fascination for all things Western" (p. 309). Further, the Chinese purchase bicycles in very large quantities, and they prefer small cars; in comparison to many other countries. Kumar (2000) also suggests that companies should be very politically sensitive in China. Additionally, MNCs desiring to do business should consider the non-verbal behaviors of the Chinese, relating to space, time, and etiquette, and this should be included in their marketing strategies. Moreover, effective marketing strategies for doing business in China must include Chinese consumer preferences, emotional appeal, and the effects of branding and advertising.

Companies entering the Chinese market must analyze the market entry strategies or mode that will yield the most favorable outcomes in determining which will meet their objectives. Kumar (2000) suggests that strategies practiced by some firms in entering foreign markets are categorized broadly as: the sprinkler strategy and the waterfall strategy. "A firm adopting the sprinkler strategy will decide on which markets it plans to enter and simultaneously enter all of these markets" (Kumar, 2000, p. 73). The sprinkler strategy is a high risk approach due to its high costs that is involved when entering a foreign market. "The waterfall strategy is a more conservative approach in which the firm follows a roll out policy, entering the most profitable market first" (Kumar, 2000, p. 73).

Cateora and Graham, (2002) argue that the mode of entry should include an analysis of market characteristics (i.e., sales potential, risks, strategic significance, socio-political issues, global vs. local brands and so on), organizational capabilities and characteristics and the commitment the organization wishes to make. The entry mode could be based on a small, medium or large scale entry, where small scale entry would require little capital, and large scale entry would require large amounts of capital. Therefore, a company has several alternative modes of foreign market entry into China. They are, exporting (direct or indirect, trading companies, piggybacking, etc.), the internet, contractual agreements (licensing, franchising, joint ventures and consortia), and direct foreign investments (wholly owned subsidiaries, etc.) (Cateora & Graham, 2002; Arnold, 2004). A major consideration in the marketing entry strategy is the risk that is involved, capital, and the availability of skills. Further, Craig and Douglas (as cited in Arnold, 2004) suggests a three stage market entry strategy: initial market entry; local market expansion; and global rationalization (p. 87).

Research suggests that “a global brand is the worldwide use of a name, term, sign, symbol, design, or combination thereof intended to identify goods or services of one seller and to differentiate them from competitors” (Cateora & Graham, 2002, p. 367). Further, similar to determining which products should be marketed in different countries (standardization, global products or localized products), determining whether or not to establish a global brand is as complex. However, research and practice supports that a brand name is a significant factor that must be considered (Cateora & Graham, 2002). These decisions capture the essence of what is international marketing. On a positive note, brands are effective because they provide customers with a perceived assurance of product and service quality and reliability. And as with global product standardization, a global brand would be much more efficient to manage for MNCs than managing a large variety of local brands (Arnold, 2004). Moreover, establishing a presence for a brand in as many different foreign market segments as possible could be effective. However, research supports that brands are effective because of local customer preferences and emotional appeal; considerations that must be taken into account by international marketers (Arnold, 2004) when doing business in China. To this end, and with regards to global market segments, the drivers of global consumer marketing are influenced by several factors such as culture, nationality, demographics, and personal values, to name a few. The importance each of these and other variables determines the significance emphasized by consumers (Kumar, 2000).

Research suggests that while analyzing market segments across countries, consumers from different countries may have similar preferences and emotional appeal (Kumar, 2000). For example, consumers in China, especially the younger generation, are influenced by global brands, although with such a large population, the majority (proportionately) of Chinese prefer local brands (Yu, 2006). To this end it is necessary to research global brand preference images (Kumar, 2000). Further, cultural dynamics, global flows and cultural consequences such as cultural interpenetration, deterritorialization, cultural contamination, cultural pluralism, and cultural hybridization (Appadurai, 1990; Craig & Douglas, 2006) continues to influence cultures in many different countries, including China. These influences have expanded into consumer preferences with regards to global products and services; and as a result some global brands.

However, while consumer preferences have been extended to global brands, local and national brands are still a preference by many country-specific consumers, including the Chinese. These cultural dynamic and consequential changes have had an effect on the approach used by international marketers in the areas of advertising and promotion, as well. For example, Nestle, has used a *two-pronged* expansion strategy by purchasing local national brands of host countries’ consumer preference and where there is no preferred national brand, they promote their global brand. Further, Nestle has been described as “preferring brands to be local, people to be regional, and technology to be global” (Cateora & Graham, 2002, p. 369).

According to Cooperman (2004) “understanding the influence of national culture is critical to the effectiveness of international advertising” (p. 168). Further, “one of the most important strategic decisions an international advertiser must make, when designing advertising campaigns destined for foreign countries, is whether to standardize worldwide, or to specialize the advertising for each market or region to be entered” (Caillat & Mueller as cited in Cooperman, 2004, p. 170). As with global branding and product selection, culture affects international advertisement similarly. That is, culture must be taken into consideration when advertising in a foreign country. Moreover, Cateora and Graham (2002) propose that “of all the elements of the marketing mix, decisions involving advertising are those most often affected by cultural differences among country markets” (p. 479). They further argue that local and country-specific consumers’ respond based on their respective cultures, styles, feelings, value systems, attitudes, beliefs, perceptions, preferences and emotional appeals.

Globalization, technological innovations, and economic growth have increased the global advertisement competitive environment requiring a more sophisticated advertising strategy. In not losing local responsiveness, MNCs have had to seek better controls and develop effective advertising strategies due to costs and the problems relating to the development of advertising programs in different countries (Cateora & Graham, 2002). Further cross-cultural equivalence strategies must be considered in the advertising strategies since, for example, data and translation equivalence must reflect the cultural perspectives of the host country so as not to develop advertisement that are insulting or that have a different significance in another country (Usunier & Lee, 2009). Additionally, many countries regulate advertisement. As a result, it is important that the advertisement strategies take into account local and host country regulations and laws regarding advertisement. Gao (2005) suggests that “advertising regulations has been widely recognized as a significant environmental factor that impacts international advertising” (p. 75). And scholars have argued that often legal conditions regarding advertisement have been a cause or obstacle for preventing standardization of advertising globally (Gao, 2005).

## **Multinational Marketing Implications – Market Analysis**

China is a collective, neutral and high-context culture with a unique culture and philosophy that must be understood during any market analysis/intelligence and competitive intelligence. As a collective culture, the Chinese place a high regard on the concept of *guanxi* and *mianzi*. The Chinese culture is primarily divided into three philosophies, Universism, which is Taoism, Confucianism and Buddhism. These cultural philosophies must be understood in order to do business in China effectively. Another influence on Chinese culture is Sun Tzu's stratagems and Maoist bureaucracy.

As MNCs expand into global markets *Competitive Intelligence* (CI), a strategic planning tool, should be conducted across different countries. Further, practicing CI in foreign markets is influenced by the cultural context of data gathering and analysis; cross-cultural data collection equivalence (Adidam, Gajre, & Kejriwal, 2009; Usunier & Lee, 2009). Therefore, to conduct CI successfully in foreign markets it is necessary to understand the local culture and business practices and integrate this new understanding with traditional and domestic CI practices (Adidam, Gajre, & Kejriwal, 2009). Additionally, MNCs often fail due to comprehend the complexities of CI practices. That is, misjudging and lacking a comprehensive understanding of different countries' cultural, social, and political environments. Further, MNCs must have a cross-culturally awareness CI program that includes the following: *define requirements (awareness of cultural, social, economic differences between home and host country); assign a cultural leader; organize cross-cultural CI structures; collect information and analyze it (cross-cultural equivalence); and disseminate intelligence* (Adidam, Gajre, & Kejriwal, 2009; Usunier & Lee, 2009).

Prior to 1978 there was no need for CI in China due to its centrally planned and controlled production by governmental agencies. That is, there was no reason for competition. The concept of CI, since introduced in China during the 1980s, has been received with great enthusiasm and attention. Research suggests that the primary reason for this attention is *Qingbao* (Chinese for information/intelligence); utilized by Chinese organizations for many years. The second reason for this attention is that of the decentralization of power, globalization of economic activities, and so on, thus creating an excellent environment for CI. To this end, the entry of MNCs and the successes of township and village enterprises have increased competition. However, while CI has grown in China, there is a lack of qualified practitioners (Adidam, Gajre, & Kejriwal, 2009).

The economic development in China has introduced many cultural, values and behavioral changes, especially with the younger generation (Ewen et al., as cited in Li, Jiang, An, Shen, & Jin, 2009). Researchers suggest that although the young consumers are a large portion of the Chinese market segment, research about their lifestyles and buying behavior has been limited. Additionally they suggests that many urban Chinese teenagers receive more financial support and money than their predecessors (Yi as cited in Li, Jiang, An, Shen, & Jin, 2009). International marketers should be aware that these young Chinese consumers value modern products and name brands while some of them mismanage their money, spending it on smoking, drinking and expensive meals and lavish gifts (Li, Jiang, An, Shen, & Jin, 2009).

The traditional Chinese cultural values, deeply influenced by Confucianism, has influenced generations of Chinese people. Research suggests that Chinese cultural values focus on living in harmony with nature, respecting proper order, interdependence self view, being modest and long-term orientation (Hofstede, Kluckhohn and Strodbeck as cited in Li, Jiang, An, Shen, & Jin, 2009). As a result of these cultural values, the Chinese consumer tend to be thrifty, unlike the younger generation, and save a much higher percentage (approximately 40 percent) of their income than Westerners (Garner as cited in Li, Jiang, An, Shen, & Jin, 2009). Additionally, Chinese consumers try to impress others by seeking prestige and status through the products they buy. Therefore, they are more likely to spend on luxury products (Wang & Lin as cited in Li, Jiang, An, Shen, & Jin, 2009).

Researcher also suggests that although the traditional Chinese cultures highly value being thrifty and higher levels of savings, global influences and their rapid economic growth has influenced embracing of modern hedonic consumption and materialism (Li, Jiang, An, Shen, & Jin, 2009). And while the younger Chinese generation claim to have a high patriotic orientation towards China, they prefer global brands such as Nike and Coke to their local brands (Lau as cited in Li, Jiang, An, Shen, & Jin, 2009). This is due to the image that these global brands bring to the younger Chinese generations.

According to Nunes, Piotroski, Teo, and Matheis, (2010) "Chinese consumer's expectations translate into seven core lessons for marketers. Three of the lessons offer ways to shape brand image and four suggest how to best communicate the brand message" (p. 42). The first three, shaping the brand image are: seek to build trust; connect

to what Chinese value in brands; and show you care about the Chinese, not just their money. The remaining four, communicating or delivering the brand or message are: broaden you advertising mix; turn product reviews into public relations opportunities; provide Chinese consumers with something good to say about your brand; and make the brand tangible (Nunes, Piotroski, Teo, & Matheis, 2010).

One of the greatest challenges in communicating with people of other cultures, such as the Chinese, is the problems that are associated with them. And communication is made more complex due to the differences in culture, language and lack of cross-cultural equivalence. Further, existing perceptions based on traditions of the Chinese are difficult to overcome. For example, research suggests that cheese is rejected by some Chinese because they are associated with foreigners. And the concept of heating the body is important in Chinese culture; such as, malted milk is considered heating, whereas fresh milk is cooling. And brandy is sustaining, while whiskey is harmful (Cateroa & Graham, 2002).

The most common misconception by Westerners is that cultural and strategic norms from the West can be readily applied in the Chinese market. Research suggests that a market strategy and analysis for China must begin with an understanding that the Chinese consumer population is broken down into four parts: first, second and third tier cities, and rural areas. These four segments take into consideration variations between income, education, profession and lifestyles. Further, while in the US marketplace there is homogeneity in the market between different cities, the same is not true in China. Disparity in China is common, in relation to the kind of products that sell well, the effectiveness of advertising and in-store marketing, and the costs involved in getting products into the stores (Anonymous, 2008).

One reason for this disparity is that large cities such as Beijing and Shanghai are more innovative and have a greater familiarity with global brands. And in lower tier cities global brands are exposed much less. Further, research suggests that the northern consumers are more conservative than those from the southern Pearl River Delta. Additionally, it is critical to include these regional variations into the marketing mix. With regards to price, Chinese consumers are very sensitive to prices. For example, in selecting a PC, the price will influence the decision-making process much more than the brand, specification or appearance. Price awareness is strong where mass market products are included. Many of these products have lower prices than in the West, and they take up a large proportion of Chinese consumer's income. Moreover, price influences brand loyalty and many consumers will switch brands if their existing product choices' price increases. However, in the luxury product market, this is not true (Anonymous, 2008).

Research suggests that Confucius face (*mianzi*) culture influences the Chinese consumer consumption values in the quest for social prestige. Further, collectivism and the Chinese *guanxi* concept also influence Chinese consumption values creating a *bandwagon effect*. And power distance and Maslow's hierarchy of needs do support the desire for social status needs in the Chinese market (Jap, 2010). Moreover, despite China's rapid transition to a market economy China continues to remain a *guanxi* society. Since reputation is relationship oriented, *guanxi* networks are critical to generating capital. Furthermore, the most important stakeholder is the Chinese government (Fan, 2007). Therefore, marketing intelligence must take into account culture, economical, political, technological, social and competitive factors.

Barriers to e-business development in China suggest that there is a lack of internet penetration, a consumer that prefers face-to-face transactions, a lack of credit card payment systems, and a poor transportation infrastructure. However, current research argues that both internet penetration and an actual internet population in China has increased substantially and will continue. And Chinese consumers are beginning to recognize the benefits of online shopping (Yu, 2006).

### **Conclusion – Further Research and Recommendations**

Although China has recently been elevated to the second largest economy in the world, it still has many internal challenges to overcome in order to sustain its economic growth. The researcher suggests that many of these internal challenges also suggests areas, or gaps, for future research, since what is known about China's internal systems, culture and philosophies is recent. Research has suggested that as China deregulated its markets, foreign competition has increased against China's SOEs. One major challenge for China, in the future, and an area for future research, relates to China's future competitive environment. From a research perspective, will many of the Western strategists' philosophies (Porter, Mintzberg, Prahalad, Hamel, Ohmae, etc.) be effective in China's economy and marketplace? Will some of the Western models for strategic management be applicable in China? The

researcher has argued that marketing strategies and research should align with organizational strategic management. To this end, how will international marketing research strategies change in view of a very different political, economic, social, and legal system? For example, transparency in China has been and continues to be a problem. And some experts argue that China economic figures are not valid. Therefore, how will China's lack of transparency affect the availability of primary and secondary source data, required for international marketing research? Will the Chinese government open its doors through new transparency policies?

Other areas for further research in China, and also another area that requires attention by China's government, corporations, society, and so on, relates to how CSRs will be addressed by corporations in China. The researcher has argued that CSR issues, such as environmental controls and policies require a lot of capital from corporations. And in China, the organizations contend that spending on environmental issues, CSR, unfavorably affects China's ability to compete internally and globally. Again, the researcher suggests that this is an area for further research since China's growing economy, its current central planning system, and its current economic institutions differ from Western countries. For example, China's internal political, economic, legal and social systems are gradually changing and where the final stage will be is yet unknown. Therefore, the researcher contends that this is an excellent area for future and further research.

Further, research argues that the complexity of the market research process is greatly enhanced when applying it to an international, multicultural and multi-linguistic environment (Usunier & Lee, 2009). Additionally, this complexity is increased when trying to establish comparability and cross-cultural equivalence (translation, sample, measure, and data collection). Therefore, the researcher argues that cross-cultural equivalence, as it relates to China, is another area for future and further research. And China is a collectivistic, neutral and hi-context culture that differs from many Western countries. To this end, the researcher suggests that the Chinese culture and philosophy is so different from Western individualistic cultures, that having an understanding of what influences the Chinese is critical for doing effective business in China. And research supports that there is very little research that has been done in these areas. Therefore, the researcher suggests that a gap exist in the literature that warrants additional and future research with regards to understanding Chinese culture and philosophy and how it affects different disciplines in doing business in China.

One other area that requires additional research in China is that of promotions, advertising and branding. The researcher has argued that these elements are influenced by China's political, legal, economic, and social systems; and Chinese culture, consumer preferences and emotional appeal. Therefore, a gap exists in research in these areas, since China has not been exposed to global market conditions for very long. And although China is the second largest economy in the world, it is immature with regards to the institutions, systems and structure that are found in developed nations. Overall, there are many gaps in the literature with regards to China, since China has 1.3 billion people, a central planning system, a market systems and a sustaining and growing economy. China's economic model, different from that of the U.S., free market system, has been successful, and as such has ignited the interest of many other countries. Therefore a gap exists in the literature with regards to the Chinese political and economic model versus that of the U.S. free market system.

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