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Market analysis in China

Successful market research in a challenging environment

Due to its market size and market growth, China is an attractive sales region for globally operating industrial enterprises. But market conditions differ considerably from those in other target markets. Thus, a detailed prior exploration is an important precondition for successful market cultivation. Schlegel und Partner has been conducting customer-specific analyses in this confusingly large and often officially regulated country for many years and can offer authoritative insights for crucial strategic decisions.

Even though economic development has lost some of its momentum, China continues to be a very attractive growth region for industrial enterprises. In many sectors the country has already become the biggest regional single market worldwide, and this will most likely apply to most of the other sectors in the foreseeable future.

But for foreign companies, market cultivation is often rather difficult: the number of potential customers is typically many times higher than in other countries. Beside well-known global players, a whole slew of major domestic companies will also have to be identified. On the supply side you can also normally find many enterprises with international premium suppliers among them as well as a multitude of smaller domestic suppliers which offer less sophisticated products at significantly lower prices. Therefore the markets often show considerable price pressure.

Beside supply and demand, official regulatory procedures and networks play an important role in China's markets. Therefore it is important to know them and to understand typical decision chains in order to be able to address all important selling points with systematic marketing measures.

The Asia-Competence Team at Schlegel und Partner is able to undertake market research in the language of the country at short notice. In order to gain a comprehensive overview of market structures and success factors, these colleagues conduct expert interviews from company headquarters in Germany or travel to China for several weeks to undertake research and interviews locally if this is important for the success of the project. Further helpful sources of information are the National Bureau of Statistics and the numerous associations that already exist in China.

Together with consultants from the specialty departments the members of the Asia-Competence Team estimate customer-specific market volumes and make recommendations regarding market cultivation activities.

One example of such a successful market exploration is the SuP project with the company Dürr CTS which was finalized a few months ago. Dürr is a German plant manufacturer which established an independent subsidiary in China as long ago as 1985. Today, more than 1,300 people are employed there. SuP compiled an analysis for the company's Clean Technology Systems division which provided not only important input for internal strategy regarding China but also numerous interesting and relevant contacts that can be followed up in the course of operative business.

“The study has definitely exceeded my expectations” says Thomas Schumacher, Head of Sales, Business Development and Marketing at Dürr CTS. “Now we brief our local sales team accordingly and consider asking SuP to do such an analysis also for another region.” Set-up costs for a follow-up survey by SuP would be fairly low because the cooperation is based on a long-standing partnership. Every project team has an experienced consultant who has built up a profound customer know-how in previous analyses. This combination of technical experts and regional specialists from the Asia-Competence Team is one of the key factors assuring the huge success of SuP in doing market research in China.

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