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Chinese Culture and Business: Myths and Realities 中国文化与商业：神话与现实

NEW: Chinese entrepreneurs and leaders share their insights on China's development

新章节：中国企业家和领导人分享他们关于中国未来发展的真知灼见

The CEO Interview (6): Daniel Fink of Georg Fischer

访谈(6)：乔治·费歇尔 – Daniel Fink

NOW COVERING
Hong Kong
&
Southern China

the airline industry and to establish a small but important competitive edge over the competitor. Nonetheless, only a small number of employees understand English and communicating with them through a translator can never be as effective as having a Chinese manager who is proficient with the local language and culture. For this reason, GG PVG removed most expatriates and gave preference to Chinese managers to handle the local employees.

The difficulty of hiring qualified staff and the importance of employees for GG PVG has naturally led the company to develop strategies to retain its employees. Competent, skilled team members are hard to find and in a growing industry, it is also a challenge to allocate time to train each employee individually. However, GG PVG has managed to sustain a very low employee turnover rate of 2% (10% for non-Gate Gourmet labor contract employees) through the following measures:

* by motivating, giving responsibility and offering employees opportunities to evolve in their career. As an example of GG PVG's method: A promising young local employee hired two years before is sent out to visit the customer himself, to give him exposure, a chance to learn and to build up his self-confidence. He is given instructions about the basic issues only if the objective of the visit and what kind of conversation he should have with the customer. The rest is up to the employee.

* production employees get the chance to work in other subsidiaries abroad for several years (some have been sent to France, Germany and Bangkok) or for short trainings (sent to Dubai and London). This international experience is necessary for the employees to understand the specifics of airline catering operations. It develops the employees' competence and loyalty, and is likewise highly motivating because it's often a unique chance for locals to travel overseas.

FACTORS FOR SUCCESS, RISKS and OPPORTUNITIES

Opportunities

Maturing of the airline industry

GG PVG extended its customer range by taking advantage of its main competence as a catering service and logistics company. Timely quality food service delivery developed into a completely new market, almost exceeding the core business with airlines, enabling GG PVG to generate its own operating cash. This strategy was chosen at first to support massive fixed costs as well as to become less dependent on airlines, in other words to create a diversification plan to minimize the growing concern on the airline catering industry's uncertain future. This shows how opportunities lie in tapping different market segments by using the company's competencies where it can bring value. More of these segments could be tapped, for example by delivering fresh food on demand to new fast food chains or even considering to adapt to non-food and beverage establishments where food hygiene is crucial, like deliveries to hospitals.

Risks and difficulties

Airline industry dependency

The big risk for GG PVG and the entire catering industry in general, is its dependence on airlines since they are the main customers. The airline industry suffers from unpredictable risks, such as accident scares, terrorist threats, sudden increase in energy prices or degradation of international political relations. All of which contributes to justifying the slow but permanent process of reducing costs in an oversupplied market. The final aim of many airlines may actually be the complete elimination of meals on board for certain flights, or making in-flight meals an

option to be excluded from the fare. As a result, caterers would have to start to sell directly to passengers which would adversely impact their volumes and margins.

Supplier training

One of the major difficulties that GG PVG encounters is dealing with suppliers. The main problem is the lack of professionalism among suppliers for which GG PVG has to provide training. Training the suppliers can take about six months up to a year and by that time, the policy of the company is to change suppliers to prevent private agreements among them. This situation obliges GG PVG to constantly control the quality of the delivery and provide constant training. The physical image of the supplier's staffs is also being taken into account as part of hygiene and quality service standards. GG PVG requires suppliers to use clean working suits and decent transport vehicles for food deliveries.

Success factors

Adaptation, quality service and cost and operational efficiency
GG PVG understood early that more than short term planning for the future was futile. Although owned by a demanding finance company, the environment in China changes so fast that there was no point in making business plans. The success of GG PVG was due to its ability to seize the opportunities at the moment. GG PVG's major strength in achieving this was by identifying the market efficiently, adapting quickly and implementing a very aggressive pricing policy through outstanding, efficient and professional approach. Market adaptation has been made possible by the independence given to the subsidiary from the mother company.

Relationship with the joint venture partner

GG PVG's success in managing the joint venture agreement is owed to maintaining contacts with key people and instilling a climate of trust. This has been achieved through many meetings, trips abroad and investments in time and money. The partnership was restricted in the beginning with the appointment of top officials of the joint venture company to GG PVG's management. However, by forging and sustaining trust, GG PVG managed to remove these restrictions by providing its partners with transparent information and an open price policy. This relationship allowed GG PVG to serve exclusively one of China's most progressive city's international gateway, as well as made bureaucratic procedures easier for the subsidiary.

Training, localization and employee management

The key success factor in GG PVG's operations is its human workforce. By rewarding training programs, employees do not only benefit from the best international standard training, the company also manages to keep its employees and maintain a very low employee turnover, a rare feat in China. This policy of training and keeping high level employees has enabled GG PVG to maintain high levels of service, professional organization and international standards that most foreign companies may have difficulties to implement in Chinese-run companies.

Information on Gate Gourmet Shanghai courtesy of:
Felix Muntyler - General Manager, Gate Gourmet Shanghai, China

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Deciphering Chinese Brand Culture

Franc Kaiser and Ming Hong Ng, Consultants at Fiducia Management Consultants, take a look into some symptoms of typical Chinese branding strategies using cultural heritage, zodiac symbols and superstitious emblems, and whether foreign companies are well advised to adapt to traditional ways of Chinese branding.



The dragon, brand symbol for many Chinese companies, is China's oldest mythological creature and was featured on ancient bronzes long before the invention of writing. 龙, 作为很多中国品牌的象征, 是中国最古老的神话动物, 并在文字还未发明之前大量出现在古代青铜器上。

In the fierce battle for customers, Chinese brands lack real brand power as most money is invested in pushing the products through distribution channels rather than using brands as a pull factor. As such, Chinese brands are stigmatized by international advertising companies, and their brand gurus, lacking any personality or emotion, just act within price and quality dimensions. It would make good sense not to re-invest the revenues in simply adding to copy cats within an IPR-violating environment, that prevents Chinese brands from spending (budgets) on (a) brand build up in the Western sense/concept, but also their convenient access to a vast choice of emblems, symbols, colors, numbers, and zodiac signs from a rich Chinese culture.

Traditional legacy brand power

After Chinese liberation in 1949 up to the early 1990s, "consumer good" brands did not necessarily have to compete with brand power in a planned economy, but brand messages were nevertheless important to Chinese users of the product.

The dragon, brand symbol for many Chinese companies, is China's oldest mythological creature and was featured on ancient bronzes long before the invention of writing.

Although the picture of the Chinese bike seems today almost like a cliché, the bicycle was the most important means of transportation during that period. The company Phoenix Bicycle ("Feng Huang", originally the Shanghai Bicycle Company No. 3) was able to establish a national brand, mirroring beauty, fortune, happiness, and quality. Ironically, the previous restricted production plans of the Phoenix products (Phoenix bikes were often only available for governmental officials) are now paying off with a deeply rooted brand anchor in the mind of the consumer. The emotional relationship with its users remains vivid in the minds of the current generation, and is hence able to exert its brand power in an open economy, generating USD 70 million in sales in 2004. At the same time, the Chinese legend of the Phoenix is transported into the contemporary brand environment.

Chinese brands are obeying a geographical axis

The use of Chinese cultural symbols as a name or brand is different according to regions in China. A comparison of the 1,636 companies currently listed on the Shanghai, Shenzhen, and Hong Kong stock exchange markets indicates that successful companies of Southern origin are using rather more traditional brand messages than their Northern contenders. In general, Southern Chinese culture thrives on superstitious beliefs and symbols. Choosing a meaningful name may bring luck, prosperity, wealth, and health to the company's future, its founders and employees. Even better is the combination of a zodiac symbol and a lucky number which leads to names such as Seven Wolves, Baoxiniao ("birds announcing good news"), or San Jiu ("999", or equivalent to "long life", a major pharmaceuticals producer in Shenzhen).

On the other hand, for many industrial (good) brands, the name of the manufacturers' area or region is included in the company's name. This is related both to a historical and a planned economy background, but also related to the practical reason for making it easier for customers to locate the company (i.e. steel mills) in the vast dimension of China's geography.

Tradition is nice, but the money is spent by the next generation

Nevertheless, brand loyalty in China is relatively low. A "good" meaning may have a positive effect on the older generations, but younger consumers and decision makers adopt a more realistic stance. Furthermore, at least large Chinese brands realize that a legendary meaning brings you only so far, but that on the international stage they would rather be a Lenovo than a Legend for stockholders and consumers.

Foreign brands will remain foreign brands

Foreign companies selling to Chinese consumers or companies normally convert their name or brand into Chinese, assuming a more Chinese meaning than the original name actually stands for. To name just one, the French retailer Carrefour pronounces itself as "jia le fu", aiming at the "happy and prosperous family" customers. Are foreign brands conceding to Chinese traditional culture when aiming at a potential billion consumer market? Although foreign players are flattering the Chinese consumers and business partners by choosing a rather traditional approach when naming their companies (according to Chinese law, each foreign company must have a Chinese name), their brand power is not compromised – it is actually their original brand and image which is their real leverage, not the Chinese translation or meaning. For the average Chinese consumer, "foreign image" can be a decisive criterion.

Mimicry in an internationalized market place

T&J, a Chinese producer disguising itself with foreign image and brand. Source: Excerpt from T&J Homepage

The advantages of a foreign brand can also be used by Chinese companies by assuming foreign "identities". Clever entrepreneurs include foreign nationalities in their brand name or

are registered through a shell company abroad. T & J Group, a Chinese manufacturer of sockets and switches with a Shenzhen factory and an extensive sales network in China, uses its UK representative office registration as a camouflage to create a "foreign-invested" brand image. This has enabled T & J to copy the brand image of foreign producers (such as Clipsal or Siemens) and to position itself in between foreign premium brand products and lower-priced Chinese ones.

Service and personal interaction as Chinese values to be exploited

In China, sustainable brands are often built by personal interaction with the consumers rather than anonymous mass-campaigns. Fujitsu and Microsoft, for example, launched face-to-face marketing campaigns in Shanghai to cut through the maze of advertising. Personal services have become more important than ever for consumer goods manufacturers as a point of differentiation and in establishing a long-term relationship with the customer. At the same time, industrial brands live through their aggressive launches in trade fairs and conferences, again allowing personal interaction.

"Serious" Swiss brands face Chinese Symbol brands

In addition, both Swiss industrial and consumer goods producers are challenged by Chinese zodiac brands. In the industrial goods sectors, Chinese brands competing in, for example, sanitary installations have often only an embedded brand meaning within a (rather) regional radius, whereas foreign brands establish not only a "favorable" meaning, but deliver high and consistent quality. From a branding perspective, Chinese companies do the splits between a low-cost strategy based on aggressive pricing to the market and a somewhat hollow brand message. The "Swissness" and the positive reputation of its products allow Swiss companies to compete at least in the medium to high-end market segments.

解读中国的品牌文化

来自德鑫管理咨询公司的Franc Kaiser和黄明峰顾问，将探讨一些有关中国品牌战略中渗入的文化因素，生肖以及传统思想寓意。同时，将阐述国外企业是否意识到应该适应这种具有中国传统特色的品牌战略。

中国企业的品牌烙印

在激烈的消费者争夺战中，中国品牌缺乏真正的品牌影响力。许多企业更愿意投入大量资金，用于将商品推入分销渠道，而不是通过建立品牌形象拉动需求。因此，国外广告公司将中国品牌打上了只追求价格和质量的烙印，却缺乏个性和情感。对于中国企业来说，在目前知识产权保护还不健全的环境下将销售收入重新投资于品牌形象建立之中不是一种明智的做法，因为产品会随时被复制。他们更热衷于快速便捷的从中国文化延伸出来的大量符号、象征、颜色、数字和生肖图案中获取信息创造品牌。

拥有传奇色彩的品牌影响力

自1949年中国解放到九十年代初，在计划经济体制下只要消费者认可的品牌就没有必要去争取品牌影响力，但是品牌所传递的信息无疑对最终使用者是具有重要意义的。

尽管对中国自行车的描述已经显得有些老套了，但是在那段时期自行车却是一种最为重要的交通运输工具之一。凤凰自行车厂（“凤凰”起先是上海第三自行车厂的品牌）却建立起了全国品牌形象。凤凰象征着美丽，幸运、快乐和高质量。具有讽刺意味的是，曾经对“凤凰”自行车限制产量（通常只有政府官员可以骑的车）却带来了在消费者心中深深扎根的丰厚回报。与使用者的情感联系在当代人们的脑海里留下了生动的印象，使“凤凰”可以在开放的市场经济下持续发挥它的品牌效力。2004年凤凰自行车的销售收入达到了7000万美元。同时，对凤凰传奇的比喻也延续到当今的品牌环境中。

中国品牌遵循区域性轨迹

各个地区在采用具有文化特征的元素作为品牌时存在差异化。在对1,636家在上海、深圳和香港的上市公司比较后发现起源于南方的成功企业比北方企业更倾向于使用具有中国传统的品牌信息。大体来说，南方文化依赖于一些迷信的想法和象征。选择一个有意义的名字可以给公司的未来和公司老板、员工带来好运、兴旺、财富和健康。更有甚者，将生肖和吉利数字结合在一起组成一个名字，如：七匹狼、报喜鸟（带来佳音的鸟），或999（一家深圳药厂，名字象征长寿）。

此外，对于很多工业品的品牌，工厂所在地区的名称通常被包含在公司名称中。这种现象不仅牵扯到历史原因，也和计划经济背景有关，而且也出于实用考虑，让客户在广博的中国地理上更容易识别其位置（比如：钢厂）。

忠于传统的年长一代vs.真正主导消费的下一代

但是，在中国品牌忠诚度很低。一个具有深远意义的品牌对于年长一代来说有着积极影响，但是对于年轻的消费者和决策者更喜欢理性的去评估这个品牌。更重要的是，许多大品牌意识到带有传奇色彩的含义只能在有限的区域中发挥作用，而从全球范围来看，股东或消费者更喜欢“Lenovo”而不是“Legend”。

国外品牌依旧是国外品牌

国外品牌在销往中国企业和消费者时通常都会将品牌名称翻译成中文，用一个更具有中国意义的名字取代原来的名字。举个例子，法国零售商“Carrefour”的中文名称是“家乐福”，目标消费群体是“快乐和繁荣的家庭”。那不是当国外品牌为了瞄准数十亿的潜在消费者市场时屈就于中国的传统文化了呢？尽管国外企业通过传统方式选取他们的中文名称（根据中国法律，每个外国品牌必须有一个中文名称）来向中国的消费者和合作伙伴宣传自己的品牌。他们的品牌影响力并没有妥协。事实上，是这些原有品牌和形象真正起到主导作用，而不是他们的中文翻译名称和含义。对一般消费者来说，“国外品牌形象”成为一个重要的购买决定因素。

在国际化的市场上进行模仿

国外品牌的优势也被许多中国企业接受，用于制造洋品牌标识。很多聪明的企业家将一些外国标识的名称融入到自己的品牌之中，有的甚至通过国外的空壳公司进行注册。T&J集团，一家坐落于深圳并在中国拥有广泛销售网络的插座插头生产商在它的英国注册的代表处的伪装下制造出一种“外商投资”的品牌效应。这种做法使得T&J可以复制出国外制造的品牌形象（比如：奇胜或西门子），并且是企业很好的定位在国外高档品牌和国产低价位品牌之间。



Franc Kaiser, Swiss National, and Ming Hong Ng, Malaysian National, both work at Fiducia Management Consultants' Shanghai office, part of Fiducia's multinational team of over 80 professionals in Beijing, Hong Kong, Shanghai, and Shenzhen. Fiducia is a professional services provider focused on China and Hong Kong, supporting foreign companies to expand in China.
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Swiss brands / companies				Chinese brands / companies				
	Name	Chinese name	Literal translation	Turnover*	Logo in China	Chinese Name	Interpretation	Turnover*
Agro-chemicals	Syngenta	先正达	"Fast to rightly reach"	USD 44 mio		先正达化学药品有限公司	"Wuhan Waking Lion Chemicals"	USD 63 mio
FMCG	Headle	雀巢	"Sparrow's nest"	USD 154 mio		蒙牛	"Mongolian cow"	USD 1.6 bn
Pharma	Roche	罗氏	"Family Luo company"	USD 85 mio		宝善堂医药有限公司	"Treasure for youth"	USD 150 mio
Sanitary Products	Gebert	洁博力集团	"Lucky in order to get power corporation"	USD 23 mio		恒源祥有限公司	"Permanent Comfort"	USD 55 mio
Automotive / Textile Systems	Saurer	苏村机械制造有限公司	"Come to withstand corporation"	USD 120 mio		上海申新纺织汽车纺织配件有限公司	Shanghai Express Sui Auto Parts and Textiles Co. Ltd.	USD 12 mio

Business rationale vs cultural heritage - lineup of Swiss and Chinese brands in 5 industries.
Chinese companies / brands may not be direct competitors or compete in different market segments, but show the different branding rationale beneath.
* Turnover in China, 2004, listed only for indication, using various and non-consistent sources. Overview compiled by Fiducia Management Consultants.
商业原理 vs 文化传统 - 5个产业中瑞士和中国品牌的对比图
中国品牌 / 企业可能并不是瑞士品牌 / 企业的直接竞争对手，或者说他们是在不同的细分市场里竞争，但却体现了品牌定位原理。
* 所列出的都是通过不同渠道，非连续性的资源收集到的2004年各企业在中国的销售收入，仅供参考。大体数据由德鑫管理咨询公司编撰

进一步开拓服务和人与人之间的互动的中国价值

在中国，持久的品牌通常都是在个人接触中建立起来的，而不是通过大规模的广告活动。拿富士和微软举个例子来说，这两个品牌在上海走出广告的重围，独辟蹊径开展面对面的营销活动。对于消费品制造商来说，在实现产品差异化以及建立与消费者长期关系时，个性化的服务更加重要。与此同时，工业品通常在展览会和研讨会上大张旗鼓来推广品牌，这其实也是建立起一种人与人之间的互动关系。

“严肃”的瑞士品牌面临中国的象征型品牌

无论是瑞士的工业品还是消费品都受到了来自中国的生肖品牌的挑战。在工业品方面，比如说卫浴产品，中国品牌通常可以扎根于某个特定区域，建立起某种品牌含义，而国外品牌并不倾向于建立起这种“讨人喜欢”的意义，而是向消费者传递一种持续高品质的形象。从品牌定位角度来看，中国企业通常将基于强有力的市场定价方案的低价策略和纯粹的品牌信息分割开。瑞士标识和它产品的良好声誉使得瑞士企业可以在中高端市场上保持持续竞争。



Franc Kaiser, 瑞士籍，黄明峰，马来西亚籍，同时来自德盛管理咨询上海公司。该公司拥有一支有 80 多位专业顾问组成的国际化的团队，并在北京、香港、上海和深圳设立了办事处。德盛公司协助国外企业提供针对中国大陆和香港市场拓展的个性化服务。
E-mail: shanghai@fdca-china.com



T&J, a Chinese producer disguising itself with foreign image and brand. Source: Excerpt from T&J Homepage
T&J，一家中国厂商，通过用国外品牌形象伪装自己。
来源：T&J 公司主页摘录



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Behind the China Kaleidoscope A Guide to China Entry & Operations



After a year of intensive work, we are proud to present the 550-page guidebook with the results of the Swiss China Survey, industry analysis, 33 expert contributions, 11 case studies and online access to the content via www.chinaguide.ch

We would like to thank:

- the 110 managers of Swiss businesses in China and 108 in Switzerland who participated in the Swiss China Survey
- the interview partners who dedicated time for us to generate case studies about successful Swiss companies in China
- the 33 experts who shared their knowledge through their contributions
- partners in China and Switzerland who supported this project
- the sponsors for their financial support and trust

The book is currently being distributed to participants of the Swiss China Survey, case study partners, experts and sponsors, and is available for sale.

The Project Team

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