

Editorial Commentary

Which of China's Differences May Have Critical Impacts on Marketing?

How China's differences have an impact on the practice of marketing has been extensively discussed among academia and marketing practitioners. Among other aspects, the uniqueness of the China culture has particularly been a popular forum for international trade and global marketing. The cultural differences suggest that consumers' needs may follow an order different from what it is used to be in the western markets, and such a difference calls for a changed value proposition from western marketers.

In the political and legal aspect, China presents another challenge to marketing scholars and professionals. The relatively unstable and opaque political and legal environment makes it not easy for businesses to formulate their longer term strategies. On one hand, the relatively weak consumer protection concept and the recourse options available for consumers seem to put the generally well perceived import brands on an advantageous situation; yet, on the other, the more recent intensified foreign relationships complicates the job for marketers.

Socially, 'guanxi', a subject so frequently talked about, has put a layer of mascara on the marketing process in China. The emphasis on relationships suggests that the 'words of mouth' may play a relatively important role in marketing. Marketers may need to have more consideration for promotional and selling models with a strong reliance on relationship networks.

On a socio-economic level, we see the rise of a tremendously sizable new 'middle class' after China's over 30 years' economic reforms. In China, there is not a formal concept of middle class. Helen Wang, the author of *The Chinese Dream: Rise of the World's Largest Middle Class and What It Means to You*, suggests middle class people to be typically those having at least one-third of their income available for discretionary spending. The middle class is a powerful force for the increased demands in discretionary consumptions: cars, restaurants, household, apparels, etc, in both of the luxurious and the not so luxurious 'good enough' markets.

Socio-geographically, China is also going through some major transitions. The rise of the Tier 2 Chinese cities generates the phenomenon of that 8% of the national population residing in 15 Tier 2 cities received almost 60% of the total US imports in 2011. The industrial and commercial reforms taken place in those Tier 2 cities have allowed the per capita income to increase significantly. Consequently, consumer spending grows too. Evidenced by the expansion of major retailers, such as Wal-Mart and Home Depot, into those cities, purchasing power has been increasing steadfastly. For example, Wal-Mart Stores Inc. opened the first supercenter in Shenzhen in 1996, has now expanded to over 190 stores in more than 100 cities throughout

China. Home Depot Inc. operates 12 stores in six Chinese cities, including Qingdao, Tianjin, and Xi'an.

Jiang and Zhao's "Empirical Study on Acquiring Buyer's Trust in C2C Transaction in China" provides important discussions on the trust issues that marketing scholars and practitioners have to address, especially when in a marketing environment where a consumer protection culture is still at its infancy. The C2C business trust-gaining model presented in the article adds to the current literature in the consumer trust area.

Wan and Ng's paper, "The Significance of Guanxi in Relationship Marketing: Perspectives of China's Foreign Banks," uses a qualitative method to look into the role played by 'guanxi' in relationship marketing addressing a core issue received much attention of marketing literature. Although the study anchors on a banking context, much of the learning from the study provides valuable reference for other markets as well.

In many western societies that have a long history of trading, chambers of commerce have been used as a means to develop the relationships and communication channels between government agencies and business communities. The paper, "Development and Problems: Chambers of Commerce in China," focuses on analyzing the problems in the development of contemporary chambers of commerce. It addresses the topic of relationship in marketing from a peripheral perspective.

The article entitled "The Working of the Petroleum Marketing Practices Act and Its Effect upon the Franchising of Retail Gasoline," by Greco and Stevens, looks into the impact of the PIMPA legislation and its effectiveness in the US petroleum market. It also discusses the gas franchising in China. The paper is relevant not only because of China being a major oil consumption market, but also franchising as a form of developing distribution networks will have implications for other industries. The effect of the PIMPA in the US gas market also provides a remote example to China in many ways.

In their paper "An Empirical Investigation of Chinese Award-Winning TV Advertisements over Time" Dr. Miao Zhao et al., explore the changing nature of advertising by both local and foreign brands used in award-winning Chinese TV commercials over time. Their study finds competing evidence of both greater westernization and greater localization. Comparatively, foreign brands use more western symbols and appeals than local brands. Moreover, types of appeals used by durable products tend to differ from those used by non-durable products.

Ben Mrad et al., in "Do Rumblings Lead to Real Actions? A Case of Animosity and Boycott in China," using a case from China, examine three mediators to determine the relationship between animosity, a feeling of hostility, and consumers' boycott participation. The discussions are current and relevant to international business and marketing, given the recent turmoil in China's foreign relationships with some neighboring countries.

In her commentary in an earlier issue of the IJCM, Professor Caroline Fisher pointed out that "China must create brands that are in demand around the globe." Professor Fisher further discussed the importance of making "China" a good international brand. Karami et al.'s "How Consumers Perceive the Products Made in China: A Case Study of Iran's Apparel Market" provides a reflection of how the label "Made in China" as a brand stands among other national labels. This study directly echoes and supports Professor Fisher's call for China to develop brands that would leave the global consumers a positive image for the label "Made in China."

Brand creation and brand building are key topics in marketing. The marketing landscape of China weaved by her uniqueness in so many ways, marketing scholars and professionals will need to validate many of the marketing principles using a set China lens. In short, the articles

collected in this current issue of the International Journal in China Marketing answer part of the question “Which of China’s Differences May Have Critical Impacts on Marketing?” (*Roman Wong, PhD, Associate Professor, Andreas School of Business, Barry University*)