
Doing Market Research On China

a how to guide

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Export Year 07 is about exporting a greater range of goods and services and about helping New Zealand companies to operate globally. Visit www.exportyear.co.nz to find out about Export Year 07 events in your region, as well as for information about development grants, case studies on successful New Zealand exporters, and other practical tools available to help grow your business overseas.

How To Do
Market
Research
on China

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is this guide for you?

This guide is designed for new exporters or those already exporting, and who need some practical advice about where to start when researching export opportunities in China. It covers the different types of market research most useful for exporters, and a range of practical and efficient tools you can use to find the information quickly and at little cost. It includes:

- a practical introduction to using internet research and online search engines
- links to online resources specifically relevant to exporting e.g. trade statistics, tax and duty rates , regulatory information, media sources

The information provided in this guide is specific to the China market; if you find this document useful, you might want to look at the following NZTE guides which explore other related areas of exporting in more depth:

- [Guide to Preparing an Export Plan](#)
- [NZTE Legal Checklists for Exporters](#)
- [Guide to Market Selection](#)

introduction

While this guide provides a number of useful sources for doing market research on China, it is not an exhaustive list. In addition to the sources listed in the guide, you should use a range of search engines and other resources such as web portals and directories to ensure that you obtain as much relevant information as possible. It should also be stressed that this is not a guide to doing business in China, but a guide to finding information about doing business in or exporting to China.

One of the most popular search engines is Google, which provides both very good coverage of the web and fast, relevant results. However, you should also use other search engines which will have links to information that may not be available through Google. Yahoo has a comprehensive list of search engines.

http://dir.yahoo.com/Computers_and_Internet/Internet/World_Wide_Web/Searching_the_Web/Search_Engines_and_Directories/

If you are not familiar with using search engines, the University of Canterbury library has developed a quick and easy to use on-line tutorial which will help you understand how search engines work, and provide you with basic techniques for improving your search results.

<http://www.library.auckland.ac.nz/subjects/stats/offstats/>

Although it is important to use a wide range of sources when undertaking your market research, you also need to ensure that the sources that you use are reliable and up-to-date. In general, it is preferable to use information from official government sources and well-recognised international organisations, such as the World Bank, United Nations and the OECD. In addition, industry associations and educational institutions (e.g. universities) are generally also reliable sources of information.

Finally, when you present your research in your business or export plan you should cite the sources of the information that you have used. Firstly, this will demonstrate that you have used relevant and reliable sources. Secondly, if you do need to update the information you will be able to quickly find where you sourced it from.

All links in this document were working at the time of publication, and NZTE will regularly be checking the document for broken links. However, if you find that the link to a particular page or document is not working you can often find it by searching for the name of the page or document in a search engine.

market overview

China is currently New Zealand's fourth largest export market, taking NZ\$1.8 billion worth of goods from New Zealand in the year ending September 2006, which was just over five percent of New Zealand's total exports for the period.

China has rapidly grown to become one of the world's largest economies, with a huge demand for imported goods and services. The size of the population (1.3 billion) and rising income levels mean that there is potentially a significant market for a wide range of goods and services from New Zealand.

However, China can be a difficult country to do business in or export to. The business and regulatory environments are quite different from New Zealand, and although the total population is huge, income levels vary considerably and there is still only a relatively small percentage of the population that can afford to buy New Zealand products. So, it is important to take the time and make the effort to research and understand the Chinese market before deciding whether or not to commit to the market.

NZTE has a number of publications on China, which provide information on the issues that you will need to consider and investigate before thinking of exporting to China. These include.

- China country brief
www.marketnewzealand.com/common/files/china-cb.pdf
- Beijing city guide
www.marketnewzealand.com/common/files/beijing-cg.pdf
- Guangzhou city guide
www.marketnewzealand.com/common/files/guangzhou-cg.pdf
- Shanghai city guide
www.marketnewzealand.com/common/files/shanghai-cg.pdf

NZTE's Offshore Sector Profiles provide more specific information on trends, regulatory issues and opportunities in key sectors in China. These are available to New Zealand exporters who have successfully registered to be profiled on www.MarketNewZealand.com.

Other good general sources of information about the Chinese market are:

- U.S. Commercial Service, Doing Business In China: A Country Commercial Guide for U.S. Companies

www.buyusainfo.net/docs/x_3265405.pdf

The U.S. Commercial Service publishes the country commercial guides annually. They are aimed at U.S. companies but provide useful information on selling products and services in China, sector opportunities, trade regulations and standards, and the investment climate.

- National Bureau of Statistics of China (NBS)
www.stats.gov.cn/english/

The NBS is the Chinese government's official statistical agency. The NBS produces a range of statistics on the Chinese economy, industries, and people. Some of the most relevant NBS statistics are highlighted in this guide.

- China Internet Information Center
www.china.org.cn/english/index.htm

This is a portal site established by the Chinese government.

- U.S. Department of Agriculture, Foreign Agricultural Service (FAS) Attaché reports
www.fas.usda.gov/scriptsw/AttacheRep/default.asp

The FAS publishes market reports covering most agricultural commodities. The reports also cover regulatory issues, and the food services and food processing sectors.

trade and production statistics

Examining a country's trade statistics helps you to find out what products a country imports, and where they are being imported from. Also, examining the statistics over a period of several years will help you determine whether the market for a particular product is growing or shrinking.

Chapter 18 of the *China Statistical Yearbook 2005* has a range of tables showing China's imports and exports by commodity, and also source/destination.

www.stats.gov.cn/tjsj/ndsj/2005/indexeh.htm

Another source that can provide a more detailed breakdown of the products that China is exporting and importing is the United Nations Commodity Trade Statistics Database.

<http://unstats.un.org/unsd/comtrade/dgBasicQuery.aspx>

Statistics New Zealand publishes a report on New Zealand's external trade statistics every six months. It includes a table which show the products that new Zealand has been exporting to and importing from China (table 5.10).

www.stats.govt.nz/products-and-services/ext-trade-stats/default.htm

It is also important to gather information about the goods and services that are produced or manufactured in China. Statistics on Chinese manufacturing and production are available in chapter 14 of the *China Statistical Yearbook 2005*.

demographic information

Demographic statistics can provide valuable information about potential customers and their spending patterns. Statistics such as the population make-up, per capita income and spending patterns can be important indicators of the market potential for your product or service.

The entry for China in the CIA World Factbook provides an overview of the Chinese population, age structure, ethnicity and religion.

www.cia.gov/cia/publications/factbook/geos/ch.html

Some demographic information can also be found in the *China Statistical Yearbook 2005*. More detailed demographic information can be purchased from a number of companies. One of these companies is AsianDemographics, which publishes a variety of material on China. It also publishes a free demographic newsletter and region-wide demographic summary twice a year.

www.asiandemographics.com/

regional information

While China is one country, it should not be looked at as one market, as there are significant regional differences and also major differences between urban and rural areas. Cities and provinces should be regarded as individual markets, and you will need to spend some time investigating the differences between these markets. Basic information on the regions and urban areas can be found in the *China Statistical Yearbook 2005*.

The Hong Kong Trade Development Council publishes market profiles on Chinese cities and provinces which include general background information on the province, and more detailed statistics such as GDP per capita, the leading industries and a breakdown of household spending.

www.tdctrade.com/main/chinamap.htm?w_sid=194&w_pid=632&w_nid=&w_cid=&w_idt=1900-01-01&w_oid=&w_jid=

Another source of regional information is the *Asia Times Online* website, which has an interactive map of China with a province by province breakdown of economic details, transportation, official contact information, population, climate and maps.

www.atimes.com/atimes/China/china-map.html

information on competitors and potential partners

Another issue worth investigating is the number of competitors selling similar products or services in the market you are interested in. Business directories are a useful way of finding information about the number of competitors operating in a particular market, and who they are.

Some general business directories include:

- Kompas. A business directory listing 1.8 million companies in 75 countries including China. Although you need a subscription to access some of the advanced features of the directory, there is a significant amount of information available for free.

www.kompass.com/

- Yahoo list of business directories in China, arranged by industry.
http://dir.yahoo.com/Regional/Countries/China/Business_and_Economy/Directories/Companies/

Another avenue for finding information about competitors is by searching either current or past trade fair directories, to get an idea of the companies that are operating in a market. While there is no definitive source for finding trade fairs in China, the Asian Trade Promotion Forum provides a database of trade fairs in Asia.

www.atpf.org/public/tradefairs.html

Biz tradeshow.com also has an intensive list of trade shows in China, grouped by city and industry:

www.biztradeshow.com/china

Competitor analysis

It is also important to try and find more detailed information about your potential competitors, not just how many there are and who they are. Finding detailed and accurate information about Chinese companies can be difficult. One way of finding out information about them is by regularly checking for coverage of the companies in newspapers and journals.

As well as the news sources listed at the end of this guide, the following websites also provide business and company news.

China Business News

www.einnews.com/china/newsfeed-china-business

Xinhua News Agency – business news

www.chinaview.cn/business/index.htm

Due diligence

As well as researching your potential competitors, it is just as important to research any companies you are considering doing business with to ensure that they are reliable. This process is generally known as due diligence.

Performing due diligence in China can be difficult, partly because of the distance and language barriers. Also, many aspects of business are very different in China and it is important to conduct thorough due diligence to answer questions such as the viability of a potential partner, whether a potential partner will be able to perform, and to ensure that you will be paid.

There are a number of steps you can take to protect your business and determine whether or not your potential partner is genuine. These include:

- requesting a copy of the company's business licence
- requesting a copy of the company's certificate of import / export authority
- asking for references from other companies that they have dealt with in New Zealand and internationally
- accepting only secured forms of payment such as a letter of credit or direct telegraphic transfer.

It is particularly important to undertake due diligence when dealing with unsolicited inquiries. As with unsolicited approaches by email from any country, companies should be cautious with any such approach from China as there is no way of verifying who sent the email.

These sorts of approaches are not unique to New Zealand and the following three sites (two US Government sites and one a British Embassy site) identify the issues and the types of responses that should be considered.

- www.export.gov/china/Suspicious_Practices.pdf
- www.buyusa.gov/pittsburgh/366.html
- www.uk.cn/bj/index.asp?menu_id=158&artid=918

UK Trade and Investment produces a short document highlighting common scams in China:

www.uktradeinvest.gov.uk/ukti/ShowDoc/BEA+Repository/345/399199

There is a brief overview of due diligence issues on the Singapore Business Federation website.

www.sbf.org.sg/download/docs/home/chinaresearch20051028a.doc

Diligence China has produced a more detailed guide to undertaking due diligence in China.

www.diligencechina.com/China-due-diligence.htm

Ernst and Young have produced a document which outlines the important steps to take when undertaking due diligence in China.

www.eycom.ch/publications/items/china/tas_due_diligence_20051031/en.pdf

There are also a number of companies that can provide credit checks. These include:

- Dun & Bradstreet
www.dnbasia.com/cn/english/
- Huaxia International Credit Group
www.huaxiacredit.com/en/index.htm
- Sinotrust
www.sinotrust.cn

Sourcing from China

Made in China is a website which can assist businesses in New Zealand with finding appropriate manufacturers in China.

www.made-in-china.com

United Traders co-operate with thousands of Chinese companies involved in various fields and can assist New Zealand companies in accessing these businesses.

www.unitedtrader.net

taxes and duties

Taxes

PricewaterhouseCoopers Hong Kong provides a range of information on corporate and personal tax in China.

www.pwchk.com/home/eng/tax.html

Other major accounting firms also produce information about tax and regulatory developments in China. KPMG publishes a range of newsletters, which are available on its China website.

www.kpmg.com.cn/

Ernst and Young also regularly publishes information on tax issues in China.

www2.eycom.ch/china/publications/en.aspx

Duties

In order to determine the duty rate that applies to a particular product, you will need to know the Harmonised System code that is applicable. The international Harmonised System uses a 6-digit number to classify goods that are traded internationally.

The Harmonised System is logically structured by economic activity or component material. For example, animals and animal products are found in one section; machinery and mechanical appliances which are grouped by function are found in another. More information about the Harmonised system (including a list of codes) is available on the Statistics New Zealand website.

www.stats.govt.nz/statistical-methods/classifications/nz-harmonized-system-classification/default.htm

Information about China tariff rates can be found by searching the APEC tariff database. You are required to register to search the database, but registration is free.

www.apectariff.org

Each year the United States Department of Agriculture (USDA) also produces a series of reports covering the Chinese import duties on agricultural products. These can be located in the USDA's Attaché Reports database. Under Commodities select 'Trade Policy Monitoring', then select China and change the date to cover the previous year.

www.fas.usda.gov/scriptsw/AttacheRep/default.asp

legal and regulatory information

It is important to ensure that products comply with Chinese law and regulations. The U.S. Department of Commerce's Export.gov portal has a section with information on regulatory developments in China.

www.export.gov/china/exporting_to_china/importregs.asp?dName=exporting_to_china

Another source of legal information is Lawinfo China. There is legal news available for free, and copies of laws and regulations available to subscribers.

www.lawinfochina.com/index.asp

China Law Blog is a weblog maintained by two lawyers (one based in the United States and one in China) which focuses on business law in China. The posts generally also provide links to other useful information.

www.chinalawblog.com/chinalawblog/

Dezan Shira & Associates is a large independent business advisory and tax firm operating in China. Dezan Shira can provide advice on a range of issues such as entering into joint ventures, and setting up representative offices in China. It also publishes a regular newsletter on economics, business and regulations as they impact foreign investment in China.

www.dezshira.com

Intellectual property

China is a challenging environment for protection and enforcement of intellectual property (IP) rights, and trademark and copyright violations are common. If you are considering doing business in China you should investigate the merits of an IP protection plan as part of your strategy. It is very important to investigate the issues relating to the protection of IP rights in China.

The State Intellectual Property Office of the P.R.C. (SIPO) provides information and legislation (in English) on Chinese patent law, contract law, trademark law and copyright law.

www.sipo.gov.cn/sipo_English/default.htm

The United States embassy in Beijing also provides a range of information on protecting intellectual property rights in China, covering copyright, patents and trademarks.

<http://beijing.usembassy-china.org.cn/ipr.html>

Baldwins (a law firm specialising in intellectual property) has published a brief guide to brand protection in China.

www.baldwins.com/NR/rdonlyres/183B5BD0-4964-4C97-AC02-66B84522342A/23651/baldwins_news_015.pdf

Rouse & Co., an international intellectual property consultancy, also publishes regular newsletters, articles and papers covering IP issues in China.

www.iprights.com

Market access regulations for plant and animal products

Biosecurity New Zealand maintains summaries of the phytosanitary requirements required by other countries for plants and plant products within documents called *Importing Countries Phytosanitary Requirements* (ICPRs).

www.biosecurity.govt.nz/commercial-exports/plant-exports/icpr-register

The New Zealand Food Safety Authority maintains *Overseas Market Access Requirements* (OMARs), which are documents outlining overseas country requirements for animal products exported from New Zealand. These documents are password protected, and restricted to New Zealanders registered with MAF/NZFSA as Exporters or Operators.

www.nzfsa.govt.nz/animalproducts/publications/omar/?page_ref=document_link

other information sources

Economist Country Briefings – China

www.economist.com/countries/China/

The Economist's Country Briefing on China provides links to recent articles from the Economist about China, and a range of economic data. Some of the material requires a subscription to the Economist for access, but most of the content is free.

China Briefing

www.china-briefing.com

China Briefing is a Hong Kong based company, owned by Dezan Shira & Associates, which publishes a free monthly magazine which covers legal, tax and operational issues in China.

Asia New Zealand Foundation

The Asia New Zealand Foundation is a non-profit organisation dedicated to building New Zealand's links with Asia. It has produced a number of publications aimed at helping New Zealand companies do business in China. These include:

- Effective strategies for New Zealand firms in China
www.asianz.org.nz/files/china%20nz%20full%20report.pdf
- Success in Asia: How New Zealand Enterprises succeed in Asian markets
www.asianz.org.nz/files/sia_fullreport.pdf
- Asia to 2014: Macroeconomic megatrends – China.
www.asianz.org.nz/files/asiato2014-china.pdf

China Council for the Promotion of International Trade

<http://english.ccpit.org/>

NZ Embassy in Beijing

<http://www.nzembassy.com/home.cfm?CFID=1290115&CFTOKEN=29933217&c=19&l=61>

China-Britain Business Council – Business Guides

www.cbbc.org/the_review/review_archive/business_guides/index.html

The Business Guides cover a range of issues including etiquette, using agents and distributors, and choosing a Chinese name for your company or for your product.

that's Magazines

www.thatsmags.com

English-language magazine listing events and activities in Beijing, Shanghai and Shenzhen/Guangzhou

Google China Directory

<http://directory.google.com/Top/Regional/Asia/China/>

Yahoo China Directory

<http://dir.yahoo.com/regional/countries/china/>

China Business Infocenter

www.cbiz.cn/

20 best blogs about business in China

www.chinalyst.net/node/2347

China news sources

China Daily

www.chinadaily.com.cn

China Online

www.chinaonline.com

China Digital Times

<http://chinadigitaltimes.net/>

Mainland Chinese newspapers and magazines

http://newton.uor.edu/Departments&Programs/AsianStudiesDept/china-ch_news.html

Hong Kong Trade Development Council – China industry news

<http://my.tdctrade.com/airnewse/index.asp>

how New Zealand Trade and Enterprise can help

To assess your readiness to export, we recommend you score yourself using the Export Assessment Guide within the NZTE how to guide [Are You Ready to Export?](#), or use the interactive self-assessment guide on the Export Year 07 website:

www.exportyear.co.nz/survey.aspx.

For businesses that are thinking about export, or that require further export preparation (scores below 70), we recommend the following programs:

- Workshops and free online courses through the Exporter Education Programme designed to provide advice and practical skills for new and existing exporters (www.exported.co.nz). The following workshops are particularly relevant to topics covered in this guide:
 - [Exporter Education Workshop: Effective Market Research](#)
 - [Educator Education Workshop: Planning for Export Success](#)
 - [Online Workshop: Researching International Markets](#)
- The fully funded Enterprise Training Programme designed to help develop and grow your business, complemented by one-on-one follow-up coaching with the course presenter (www.nzte.govt.nz/etp).
- NZTE Enterprise Development Grant - Capability Building component. This grant is designed to assist businesses and entrepreneurs to build business capability. Applicants can apply for co-funding for a range of activities including employing a business mentor, or employing the services of an external expert to help develop a business or marketing plan, complete a feasibility study, or conduct international quality standards certification. For more details refer to www.nzte.govt.nz/section/14187.aspx.
- Additional Guides are available on www.marketnewzealand.com
 - [Guide to Preparing an Export Plan](#)
 - [NZTE Legal Checklists for Exporters](#)
 - [Guide to Market Selection](#)

For businesses that are well under way in their preparation for export (scores of 70 or more), we recommend any of the above the programmes as well as:

- NZTE Enterprise Development Grant – Market Development component. This grant can be used for marketing-related expenditure related to entering or promoting a better position in an international market. For more details refer to www.nzte.govt.nz/section/14187.aspx.

Please note market development activity in Australia is ineligible in respect of grants.

For businesses that are advanced in their preparation for export (scores of 90 or more), we recommend any of the above programmes. In addition we may be able to offer services and market intelligence to help you succeed in export, including:

- assistance with market selection and market entry
- valuable business contacts worldwide
- advice on export procedures and regulations
- overseas market research

For further guidance or clarification please call NZTE on 0800 555 888, email us at info@nzte.govt.nz or visit www.marketnewzealand.com.

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