

# Success Under An Eastern Sun

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CHINA attracted \$US60 billion (\$80.3 billion) in foreign direct investment last year. Reflecting the tale of Vincent Lee and Mart Bakal, Hong Kong was the top source of money, while US investment fell by 22 per cent.

Foreign business success stories in China include:

- KFC opened in Beijing in 1987. It now has 1400 outlets in 250 cities. In 2004, KFC China reported \$US1 billion in revenue, and \$US200 million in profit, up 20 per cent. KFC attributes success to a long-term team that has worked in China for 10 years, and becoming an employer of choice for well-educated local staff.

- Beer is as cheap as water and Chinese consumers are loyal to local brands. Rather than just promoting Budweiser, American brewer Anheuser-Busch formed a strategy of marketing a mixture of international and Chinese brands. It has acquired the Harbin brewery group, taken a 27 per cent stake in the icon Chinese brewer Tsing-Tao, and secured beer sponsorship of the 2008 Olympic Games.

- Motorola China opened a Beijing office in 1987. It became the largest foreign electronics company in China and won support by reinvesting all profits in China.

- Volkswagen dominated early sales of foreign-brand cars, but Les Lothringer, the principal of West/Asia Strategy, cautions that the market for cars and mobile phones is saturated, and prices have dropped after many more foreign manufacturers rushed in.

China is now Australia's second-largest export market, buying \$15.3 billion of Australian goods and services last year.

The Australian Trade Commission chief economist, Tim Harcourt, says successful small Australian companies doing business in China include Melbourne's Aviation Compliance Solutions, which conducts safety audits for 65 per cent of China's airlines; Shanghai aquarium operator Oceanis 21, which is tapping into China's huge domestic tourism market; and Mackay's mining technology company Longwall Associates.

**Kirsty Needham**