

Marketing stars rise in East

Marketers in the US and UK should bow to the vastly superior talent of their counterparts in China

Greetings from the wonderful, if rather wet, city of Shanghai. About seven years ago I signed on with a big multinational to train its marketing teams here in China. To be honest, when I started running the programme I had little idea what to expect. Now, however, many years later, China exerts a strong pull over me.

Each year I fly out here and review the plans of the small army of marketers that I have trained up over the years, as well as running new recruits through the programme. Seven years is a long time in China and I have watched the city of Shanghai evolve and improve at a mind-boggling rate. Each July when I arrive I find bridges where last year there was just river, amazing restaurants that have sprung up and established themselves and formerly drab streets that have become wide boulevards.

Even more impressive is the evolution in the marketing skills of my executives. Before my eyes they have transformed from anxious graduate students with no practical experience into the best marketers I have ever seen.

I have been a marketing professor for 12 years and taught all over the world, but it is only in China where I have seen my instruction executed to perfection in the field.

Ethnographic research driving the variables for an extended conjoint study – no problem. Sub-segmentation using brand share as the additional variable – done. Funnel models built for

each segment from survey data and used to create behavioural objectives – on the next slide. If you are scratching your head at any of these terms, don't worry. It won't be long before you get a Chinese marketing boss who can explain them to you in person.

Let me recount a recent story from the media to illustrate my point. Every June, Warren Buffett, head of investment firm Berkshire Hathaway and widely acknowledged as the greatest living stockbroker, auctions off a lunch on eBay with all the proceeds going to charity. The idea is that an hour or two with the 'sage of Omaha' would provide invaluable share-tipping information for one lucky bidder. This year there was much surprise when the lunch was snapped up by an anonymous bidder for \$2.1m, nearly four times the winning bid in 2008.

'The 21st century belongs to China, and there is not a lot anyone can do about it'



When the identity of the successful bidder was revealed as Zhao Danyang, an investment fund manager from Hong Kong, there was a widespread feeling in the media that Chinese capitalists had clearly developed more money than sense.

On the eve of his lunch date with Mr Buffett, Zhao held a short media briefing and was asked which stocks he would be quizzing him about the next day. With apparently genuine surprise, Zhao replied that he was actually going to the lunch to tell Mr Buffett about WuMart, a Chinese retailer that he felt would be the next Wal-Mart.

Shares in WuMart jumped by 25% the next day, which was handy, because one of its principal shareholders is Zhao Danyang. It is estimated Zhao pocketed about \$16m from the share-price increase. Even with the cost of the lunch accounted for, he is up about \$14m and he got a free burger, too.

The moral of the story? Don't underestimate the Chinese. It's a lesson I have learned to my delight over the past seven years and one that you should prepare for. Just because you don't know what is going on in China, does not mean that amazing things are not going on. The 21st century belongs to China, and there is not a lot anyone in the UK or US can do about it. It's time for new leaders. They are on the way.

Mark Ritson, PPA columnist of the year (business media), is an associate professor of marketing and consultant to some of the world's biggest brands

30 seconds on... marketing the Chinese way

- Chinese marketers have become adept at **conjoint studies**, which force consumers to make choices among different options. It ranks **the importance of variables** and their value in monetary terms, finding **distinct clusters** within the sample.
- Rather than plugging assumed variables into their quantitative surveys, they



China ethnographic studies identify, rather than assume, variables

- use **ethnographic studies** to isolate what those variables are. Many British marketers measure certain variables with precision but do not use **qualitative research** to ensure all the correct variables have been included.
- Segmentation** has become a particular strength of many Chinese marketers. They use key variables to build a clear

picture of the market, and are disciplined about **which segments to target**.

- Chinese marketers are able to get **down and dirty with the sales force**. While British marketers are often uncomfortable working with their sales teams, their Chinese counterparts spend **many weeks** with the sales force to develop their segmentation.