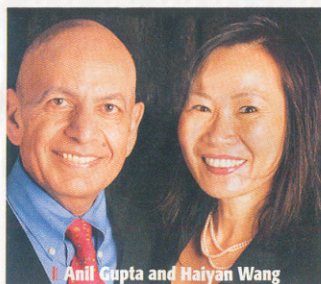


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FEW PEOPLE IN INDIA ARE aware that Mr. Vijay Thadani, CEO of NIIT, is an officially designated "Economic Consultant" to the city of Chongqing, a metropolitan hub of 30 million people, making it the largest municipality in China. NIIT has nearly 200 training centres in over 65 cities spread across China. The company's presence includes partnerships with over 130 universities where-by, using an "NIIT Inside" model, it embeds course modules into the regular curricula of partner universities. NIIT China works with about 1000 teachers, over 95 percent of whom are Chinese nationals, and trains about 50,000 students per year. By every standard, NIIT has made itself an insider in China.



NIIT's success in China is a vivid illustration of the fact that a much larger number of Indian companies – than is the case at present – could be active players in the China market. As we have noted in earlier columns, China is well on its way to becoming the world's largest economy and thus the world's largest market for many products and services by 2025. Ignoring China is not and will not be a viable option.

Three factors make it easier for a typical B2B company to crack the China market than would be the case for a typical B2C company. First, in most B2B industries, the company has the possibility to leverage its relationships with multinational customers to lubricate entry into China. IBM and Microsoft were some of the first companies that hired NIIT's students in China. This track record played a significant

role in making NIIT a highly desirable training provider for Chinese students. Second, a visible high profile brand name is less critical in B2B markets. This is a major advantage in the early stages since it can take a huge investment of capital and time to build a visible brand name in a large country such as China. Third, while adaptation to local market needs is always necessary, on average, B2B products and services need less customisation than would be the case with B2C products and services.

Notwithstanding the somewhat lower entry barriers in a B2B context, companies are likely to find that China can be a tough market to crack. Since ignoring China is not a viable option, Indian companies have little choice but to be smart, patient, and persistent. We propose six guidelines for developing a smart strategy for the Chinese market.

First, in the early stages, give primacy to building a credible and defensible market position than to maximising profits and cash flow. China is a brutally competitive

Dragon

Anil Gupta & Haiyan Wang provide guidelines to crack the B2B market in China

market and requires long-term commitment. An early focus on profit maximisation will often force the company to forego valuable long-term options and instead pursue non-sustainable short-term strategies. In order to have the financial muscle to take a



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long-term perspective regarding the China market, it is important for the company to maintain a strong profit and cash flow position in today's anchor markets such as the home market of India. In short, long-term success in China very much requires contin-

ued strength in India.

Second, in the early stages, focus on a narrow product-market niche with the aim of getting traction. Ideally, such a niche should be one that builds on your core strengths while also targeting a highly under-