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Chinese market transforms trade with Alabama markets **(<http://www.njeffersonnews.com/business/x1073350462/Chinese-market-transforms-trade-with-Alabama-markets>)**

Business AdvISE

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The North Jefferson News (<http://www.njeffersonnews.com>)

COMMENTARY — With a population of more than 1.3 billion people, a rapidly growing urban middle class and an economy poised to dominate the world, China is an attractive consumer marketplace for American companies. The Chinese market is a world of potential and Alabama is joining the many that are looking East.

According to Business Alabama (7/11) China jumped last year to second place among Alabama's world export markets, with 142 percent year-to-year growth in 2010. China also tops of the list of countries importing Alabama chemicals bringing in \$554 million. This is topped further by the transportation equipment import category that includes Alabama cars. China imported \$579 million worth last year. China is an important destination for export goods shipped through the port of Mobile such as grain, coal and forest products.

Selling to China is not always easy. Many Chinese workers make no more than \$3,500 in wages in an entire year. It may take a third of a year salary to purchase a sofa. However, China does have a rising middle and elite class. There are cultural issues as well as monetary issues affecting how the Chinese buy. There is a concern about products that are real, and there is a desire to want to go to the store to touch a product and see what they're purchasing.

Adding to the frustration is the fact that many Chinese consumers don't have credit cards and are distrustful of online-payment systems. As people buy more online, they'll begin to understand that they have consumer protections. But, it will take time.

George Haley, University of New Haven professor and author of *The Chinese Tao of Business: The Logic of Successful Business Strategy*, writes concerning a culture clash when it comes to customer service. "The Chinese have become extremely demanding consumers, and service is something that they absolutely demand to a much greater standard than American consumers," he says. He believes it will be essential for companies to maintain inventory so that it can guarantee delivery times, or risk customer backlash. He also says, "The Chinese consumer is extremely brand-conscious." Well named brands and luxury items are important here. The promotion of low cost is not always a selling point.

The Chinese market is transforming trade in one of Alabama's most traditional agricultural markets. As written in Business Alabama, and according to state pecan expert Bill Goff, China trade is "the biggest thing to ever to happen to the pecan industry." China's pecan imports went from 2 million to 83 million almost overnight. For years the Chinese have eaten walnuts for their health, and they have now discovered that pecans can promote longevity and are even better for you. In a country where age is revered, that is key. Add in the rising affluence of the Chinese middle class, a favorable exchange rate, and things just snowballed.

Foreign direct investment is important to Alabama's economy. Consider the jobs created by Germany, Japan and Korea for our state.

Looking at trade with China? Don't tread in without good support. Director of International Trade for the

Alabama Development Office, Hilda Lockhart, recommends the Confucius Institute at Troy University. It is a great place for Alabamians to learn about Chinese life, customs and industry. There are resources with ADO as well as chamber of commerce based initiatives and the U.S. Department of Commerce.

Teresa works for Sanofi-Aventis Pharmaceuticals and supports the Fultondale Chamber of Commerce. You can find additional readings on her blog at <http://businessadvise4u.blogspot.com>. Contact at her by email at visemedical@bellsouth.net.

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