

# Marketing Development Strategy in Chinese Companies Working in the Medical Devices Industry

by

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## Abstract

This article describes the peculiarity and marketing strategy development for the quick growth of Chinese companies working in the Medical Devices field in the international market. This strategy is analyzed through the perspective of Chinese traditional values, particularly based on the work of *Sun Tzu, The Art of War*, where the main strategy principles mentioned are moral virtue, foreknowledge, dispositions, adaptability, and strategic advantage. The researchers use interviews with top and middle level managers of several companies and their own experiences to describe the policy of marketing activities undertaken by these Chinese companies in recent years.

## Key words

Chinese culture, Strategic factors, Marketing development, International market, Medical devices, Chinese companies

## Introduction

Even if global economies are struggling today, the medical devices industry is still undergoing the development process. Market growth rate is supposed to increase by 4.4% every year and in 2018, it should reach \$440 billion (Research and Markets, 2015). This growth in China, with special government policy focused on development of local manufacturers and the “technology sharing process”, created a platform for a large group of Chinese companies to focus on the research and production of reliable, quality medical devices. The global economic climate and cost restrictions of the budget in every country, partnered with the exponential growth of the global population forced medical device companies to explore more and more markets (Doucet, 2005). As the economic growth of European countries and the U.S. slows, new markets in countries in Latin America, Commonwealth of Independent States -Russian Commonwealth (CIS), India, Asia and Africa show

positive and very significant changes. In order to succeed in these countries and win the competition among all of the producers, medical companies need to find a specific strategic approach; they should have to find an approach through understanding the unique cultural environment of the markets and the potential opportunities in every country. This requires a strong understanding of current situations and models that have been used by other companies. The healthcare business is a business with high quality demands such as new technologies for medical devices focused on less-invasive medical treatment as well as reduction in the rehabilitation process and cost-reduction process (Zhou, 2007).

A peculiarity of Chinese companies is based on the model that began with creation of high-tech products in the medical field from ‘nothing’. Within one decade, these companies have become real competitors of the giant conglomerates such as GE, Phillips, and Siemens—all of which have

more than fifty years of history in the global marketplace (Xu, Huang, Yan & Li, 2009).

Strategy could be defined as the achievement of goals through the adaptation of limited resources. A strategy itself is a type of pattern of activities an organization uses to develop in a certain environment (Kim & Hwang, 1992). According to Miller (1988) strategy is “a pattern in a stream of decisions”. In the same way Porter (1980) differentiated the strategy, like product development, market penetration, and its formulation on the corporate level, where the work of top managers is dedicated to transferring certain ideas into strategic business units. In order to fully differentiate the strategy of Chinese companies, the researchers offer to use market orientation and the mode of entry factors, with five basic strategic factors of Chinese culture mentioned in the work of *Sun Tzu, The Art of War*, such as moral virtue, foreknowledge, dispositions, adaptability and strategic advantage (Griffith, 1963).

It is very hard for China to create a second Medtronic or Johnson & Johnson in several years, but one still can still see the rapid development of companies like Mindray, Lepu, Wego, Shinva, and Neusoft (Renstorm, 2008). Mindray has more than 900 exclusive distributors in the domestic market and more than 5,000 distributors on the world market with nearly 8,000 employees in total. It has set up 20 overseas sales offices and sells in 140 countries (Zakreski, 2010). China’s medical devices market is now the third largest in the world after the USA and Japan. The demand is growing proportionally and with an increasing number of newly opened small and middle level hospitals—opportunities for new, local, medical devices’ manufacturers are being created.

Medical devices, as a business, need a substantial number of investments in the research and development area. They also require significant investment in clinical test reports as well as collaboration with the doctors and nurses who are going to use and accept this equipment. The most interesting point regarding Chinese manufacturers is that the amount of the first investments, in most of the cases, was equal to \$200-500 thousand USD with 10-40 people

initially employed. This was regarded as a very small investment if we consider the medical device sector. Today, the revenues of these companies have already exceeded \$50 million USD per year. In China, due to the high level of competition, companies need to focus on improvement of organizational structure. As Chinese enterprises start to turn their attention to strengthening their ability to compete in the global economy, they have a new challenge—developing international expertise. The Chinese-style of business, or Chinese traditional characteristics of organizations or management styles are quite different from those used in the West (Bond, 1986). That is why this study is going to focus on some of them.

### Chinese Strategic Culture

It is very hard to define the meaning of strategic culture. According to Andrew Scobell, it is a “persistent system of values held in common by the leaders or group of leaders of a state concerning the use of military force” (1999). Strategic culture consists of common beliefs, cultural assumptions, and behavior of individuals, based on shared experience and collective identification of a group’s relationship (Delios & Henisz, 2003). Research by Nisbett (2003) provided evidence that social differences between different cultures have an influence not only on beliefs, but also on the way of thinking. Group organization, behavior of individuals and the values of every person could be easily differentiated according to the cultural origin of the person. Social organization directs attention to certain aspects of reality at the expense of others (Chang & Xu, 2008; Price, 1996). What people pay attention to affects their beliefs about the functioning of the world and causality.

For example, whereas Western civilization is dominated by personal orientation, Chinese culture emphasizes reciprocal social obligation and collective mindset. Chinese believe that people are part of a collectivistic society and that the behavior of the individual should be guided by group expectations (JFCOM, 2010).

The study of Dr. Johnston (1995) describes strategic culture in Chinese history and compares it with emerging conditions of Chinese economy

in modern times. Nisbett (2003) stated that the cognitive way of thinking for Chinese combines two different questions and finds the truth for both of them. Chinese culture emphasizes only two philosophical concepts which can describe the culture: “the concept of change” and “the concept of whole”. What is the most interesting is that both of these concepts must exist simultaneously. Nisbett (2003) creates three approaches: “the *Principle of Change*, which emphasizes the constantly changing nature of reality; the *Principle of Contradiction*, which states that the constant state of change causes things to have contradictory characteristics such as new and old, or strong and weak; and, the *Principle of Relationship*, which states that nothing exists in isolation and that knowing something requires knowing its many relationships” (pp. 174-175). The Western approach is directed to material goals and the world, in the perception of Western people, is unchanging and concrete. The world for them consists of individual parts which stand alone. The approach of Chinese philosophy regards the world as a complex system where, everything is based on the relationship between every part (Ahlstrom & Bruton, 2002). So Chinese thought is not always very logical because from their perspective one needs to shape and interact within the system in order to understand it, not just manage individual parts. It is very interesting that in the study of Johnston (1995) Western children grouped the chicken and the cow in one category (animals) while Chinese children group the cow and the grass together—cows eat grass. If we will consider the medical business we can find that Chinese companies in the beginning actually didn’t copy one company’s product like Siemens or Phillips, but combined all the advantages of different companies and adapted them to their respective products.

The book *The Art of War* emphasizes the importance of subtleties of strategic impressions management for Chinese (Qu & Zhang, 2011). According to Bond (1986) the variety of impressions of others, relationship between audience and identity, counter-aggression and attribution represent the culture with high group responsibility. As far as one is going to study marketing development of Chinese companies the

strategy should be a key issue to define critical success factors. The point of this article is to describe the impact of culture on the strategic preferences in international markets. Zhang (2002) states that cultural realism could be described through the history of heroes of Chinese literature where he compares mythological heroes with those who really existed in history. In his opinion virtue and violence could be ideal instruments of ancient Chinese strategists. In the case of modern times it could be interpreted as a strong spirit and a strong leader. Coming back to another great book in Chinese literature, *Sun Tzu, The Art of War* (Griffith, 1963) execution of strategy should be more fluid and respond very quickly according to the changing conditions of the whole strategic situation.

The book describes the five elements.

Table 1. 5 components of Chinese culture (Kaname, & Kuniyuki, 2010)

<b>Dao</b>	<b>(Moral virtue)</b> The Chinese strategist relies on moral virtue to unite the masses and strengthen the unity and resolve of the military toward a common purpose. The idea of moral virtue comes from the tradition of “Confucian moralism” where a ruler gains the support of his people through benevolent and virtuous conduct.
<b>Zhi</b>	<b>(Foreknowledge)</b> Emphasizes the importance of knowledge and information in strategic planning and decision making. As mentioned above, the scope of this knowledge is broad and encompasses a holistic appreciation for the larger strategic context of a problem or situation. Foreknowledge includes understanding both subjective and objective conditions and how they interact
<b>Xing</b>	<b>(Dispositions)</b> Disposition or deployment of forces emphasizes placing one’s forces in advantageous positions given the existing conditions: the effects of terrain and weather, and, the location of the enemy. The most critical step in deploying one’s forces is to first establish an invulnerable defense before seeking an opportunity to conduct an offensive operation.

<b>Bian</b>	<b>(Adaptability)</b> , builds on the other elements described above and involves the transformation from one form or strategy to another in order to adjust to changing conditions.
<b>Shi</b>	<b>(Strategic advantage)</b> is the ability to transform the subjective and objective conditions of a situation to one's favor

Application of these theories with traditional Confucianism, and Daoist philosophies can change the whole approach to understanding the success of Chinese companies in the global market (Deng, 2009).

There are some certain factors which can characterize the approach of Chinese companies (Karim, 2009):

- All Chinese enterprises are long-term oriented and not focused on quick returns in profit
- Relationships with local agents and managers are very important; market should be developed from deep understanding of every region; focus should be on detailed conditions
- Marketing development strategies should be very clear and flexible, according to the historical and cultural issues in the particular country and region
- Strategic partnerships are crucial issues, so the companies are very open to direct collaboration with government structures, big hospitals and private investment projects in the healthcare segment.
- Focus on knowledge transfer is helpful to develop local partners and create competitive advantages for them, but at the same time it should be carefully shared with detailed understanding of market demand and partners' abilities

All of the listed points should be re-considered and analyzed during a particular case in a

particular country. It is important to emphasize the peculiarity of Chinese strategic factors during the development of new markets.

### Five Strategic Factors of Chinese culture

Based on interviews with the top-management of nine Chinese companies the researchers will try to consolidate the five elements listed above into one system and characterize the current situation of Chinese companies according to the mode of entry and market developing strategy. All of the interviewed participants had to fulfill the criteria of being sales or marketing managers with an international marketing background of at least five years. The response rate of the sample was 58.8; only nine managers among 17 confirmed their schedule and accepted an interview. A semi-structured interview allows for adding supplementary questions to gain more in-depth information. The questions were specifically developed to provide detailed information about several factors related to external and internal conditions of company development. Interviews were conducted by a third person with fluent English and Chinese language skills. Each interview lasted about one hour. The size of the sample was very limited, but could be a basis for further research. In order to protect the identity of the interviewed managers, the researchers used pseudonyms. Detailed information will be provided upon request.

Table 2. List of interviewed managers

Name	Company	Position	Department	Work experience
Director Chen	Mindray	Former Vice-President	International Development Department	1 years
Director Igen	Landwind	General Manager	International Sales and Marketing Department	25 years
Director Tang	Irene/Naton	Regional Sales Director	International Sales and Marketing Department	10 years
Director Yang	Sonoscape	Regional Director	International Sales and Marketing Department	10 years
Director Yang	Aohua	Vice-President	International Sales Department	17 years
Director Lu	Mindray	Middle-East Marketing Supervisor	International Marketing Department	10 years
Director Liu	Wandong	Regional Sales Director	International Sales Department	11 years
Director Sun	Neusoft	Regional Sales Supervisor	International Sales Department	10 years
Director Song	Comen	Regional Sales Supervisor	International Sales Department	12 years

All the managers listed in the table have been interviewed during the research in four cities: Beijing, Shanghai, Shenzhen, Shenyang.

Companies listed above have been represented by people with different ages and experience, and according to their judgments there are common points between developments of all Chinese companies. Michael Porter (1980) in his work analyzes “Five forces of strategy” mentioned Chinese author Sun Tzu’s strategy analysis: “Five Working Fundamentals”, but both of them are based on strengths and weaknesses analysis. Moral Virtue, Foreknowledge, Dispositions, Adaptability and Strategic Advantage could be considered as traditional strategic factors, which have an influence not only on the structure of Chinese companies, but even on the development of these companies in the world. Researchers applied those strategic factors to the one of the key points of strategic development of Chinese companies on the world market.

Based on interviews with the top-management of nine Chinese companies (Shenzhen Mindray Bio-Medical Electronics, Shanghai Aohua Medical, Shenyang Neusoft Medical Systems,

Naton Medical Group, Shenzhen Comen Medical, Shenzhen Edan Medical, Beijing Aeonmed, Shenzhen Sonoscape) authors consolidated the five elements listed above into one system and characterized the current situation of Chinese companies according to the mode of entry and market developing strategy (Lipson & Pemble, 1996; Liu, 2004; Locket, 1988.).

According to the research framework, in-depth discussions during interviews between the researchers of this study and top and middle level managers, who have been regarded as experts and have specific understanding of the success factors of Chinese companies, have shown great results.

### Moral Virtue

Chinese leaders focus on legitimate management, so the most important point is not just to control subordinates, but first the leader must show superior knowledge, hard work and experience, provide guidance and, through these kinds of processes, allow employees to accept the leader; become a teacher in work and in private life (Buckley, Clegg & Tan, 2006). Leaders spend time with employees during sports and dinners. Chinese leaders are paying special attention to communication with managers and their subordinates, so the spirit of virtue in the future development of the companies could be fully realized by everybody (Northouse, 2013). The concept of “building a stable platform for subordinates” is very basic—that is why Mindray (the first Chinese company to work in the international medical devices market, currently is the largest manufacturer in China of x-ray, ultrasound, patient support and laboratory equipment) opened a branch in the United Kingdom in order to bring their employees the feeling of international spirit and success within the company (Marketline, 2015). According to interview results, Edan (patient support system manufacturer) opened its first office in Germany in order to get qualified service engineers and make direct connections with clients through the platform of German manufacturers. All of these examples show that the moral virtue of the leaders of the company was focused on the development of the inspiration spirit inside the company, so that all employees started to feel that they are not only

selling equipment, but participating in improving the healthcare system in every region of the world with the best resources.

Another important point is that the level of virtue in Chinese companies has direct relations with the environment in organizations. In China, the majority of people support an outstanding leader. Employees in China regard the leader as a hero. So if one focuses on a particular company in China there always will be a leader who created and developed the company (Luo & Park, 2001). All these leaders have different characteristics and different management styles, but there is one common point all of them share—they know how to inspire people. From one point of view it is very interesting how high the level of trust is that individuals have in the leader in socially oriented traditional Chinese organizations. In looking at Chinese leaders one can find that they are willing to share their vision and experience with employees, like the CEO of Alibaba - Ma Yun; President of Mindray- Xu Hang; President of Neusoft - Liu Jiren, and the majority of other leaders. A large focus on the character and virtue of the leader of the company makes him become more dependable on subordinates. These leaders basically create the strategy and structure of the company according their own vision of the social relations in the market. The circle of their relations is not only based on the circle of people who established the company. Thanks to their communication ability and analysis of information; these leaders have a very strong network of personal relations on every level. Society within the company puts a lot of responsibility on their ability to find the right direction for the company to open new markets (Luo & Park, 2001). Their responsibility is not only limited to traditional ethical forms, but it has a direct connection with the Confucian concept of *gentleman*. The way these leaders communicate, resolve problems and develop the company has an impact on the corporate culture. So the companies somehow represent the shape of their character, which is totally different from Western society. Even if Chinese companies are internationally oriented the internal structure has principles of Confucian rules.

This could be the reason for a specific leadership style in these companies. Moral virtue is a very important point for top-level managers.

### **Foreknowledge**

Foreknowledge is based on two principles: first, extensive experience and the analytical ability of the leaders, and second, a substantial amount of marketing knowledge—information about the political, economic and regional development of local markets is crucial. That is the reason why Chinese managers always use all the instruments available to them to gain knowledge about every market and communicate with everyone needed. Neusoft (the biggest Chinese MRI and CT manufacturer) encourages their managers to invite to dinner all sales managers from other Chinese companies who are on business trips in local markets. These dinners provide an opportunity to discuss current situations in the market. Mindray and Aeonmed put the responsibility of market analysis on product managers, so they need to gather information and apply it to relevant cases (Meng, 2011). Much of the market information Chinese companies receive is from local associations representing federations of medical doctors in local markets, including Chinese immigrants, government companies and non-government organizations (Lu, 2001). Associations, such as the Shenzhen Association of Medical Device Manufacturers and the Beijing Medical Devices Association, unite all Chinese companies working with medical devices. All Chinese companies that have factories in Shenzhen area or in Beijing are listed as members. Usually associations help to provide certain information about the market, participate in international medical exhibitions and conferences, as well as promote products for small and mid- level companies that have very limited budgets and can't spend money on personal marketing activities, like participation in local exhibitions and conferences (Lu, 2001). A Chamber of Commerce could be considered as another instrument in promoting Chinese medical devices; direct cooperation with embassies and local governments help to organize the work of humanitarian and government purchase projects. The level and volume of information is related to the condition of bids. Companies in China require

their managers to gather and utilize information about certain regulations and benefits of foreign trade; they are very adaptive to specific financial procedures and cooperation models (Li, Gao & Wu, 2006). The majority of Chinese companies through Sinosure (National Chinese Insurance Company) can provide three to six months, with or without pre-payment, open account conditions, so the customers can pay invoices after three to six months after receipt of products. This could be a reason why they have been succeeding in African, Latin American and Asian regions. The majority of Chinese companies are members of local Chinese associations, like the German-Chinese Association or Mexican-Chinese Trade Union. According to interviewed managers, the common culture and background of sales managers create condition for them to establish personal relationships, or “Guanxi”, with other managers through sharing exclusive information about market perspective and situation. The result of building those relationships has significant influence on the certain projects, so if one Chinese company entered the particular project, after a while, more companies from China will use the same approach in the future (Li et al., 2006).

### **Dispositions**

Sales are considered one of the most important aspects of business. That is why Chinese companies focus on the development of tender management. The majority of Chinese companies insist their employees spend more time in local markets and communicate with end-users, so the image of the product can be bettered by getting feedback from hospitals and doctors (Buckley et al., 2006) In 2016, Aohua (China’s biggest endoscopy equipment manufacturer), during its development of the Russian market, used an exclusive distributor sales strategy. However, after two years they established a very good customer service network and started to sell equipment with the lowest margin to second-level distributors. Without controlling the profit of second-level distributors, in one year their market share increased two times (Martinsons & Davison, 2006). At the same time, the company developed a personal relationship with the Endoscopy Surgeons Association and became the third biggest company on the market in four years, overtaking

Japan’s Fuji Company. Another important point is that Chinese companies like Wandong (medical imaging equipment manufacturer), Landwind (laboratory and ultrasound equipment producer), and Mindray, focused on the installation of demo devices in new markets (in most of the cases with an 80% discount) so they could create some successful marketing situations and use them as future references. For some bids with big volume orders, they are willing to sell the products with zero profit or sometimes even with a negative profit to invade the market and create a network of end-user hospitals (Moorman, Deshpand & Zaltman, 1993). In order to offer the best solutions, Comen, Angel, Anke and Dirui established a strategic alliance, so they could provide very adaptable and personally configured package solutions for turn-key projects with discount and service support for every device from service engineers of each company (Li, Poppo & Zhou, 2008). So, if one company gets the order, the other three companies will provide full support. These packages are offered for x-ray, laboratory, patient monitors, patient support systems and medical imaging systems.

In order to create an R&D advantage for the company, many Chinese companies began to establish R&D offices abroad (Li et al., 2008), such as Aeonmed with their American offices. Beijing Aeonmed company opened an American company and created a new brand, Oricare, in the US to position itself as an American manufacturer located in Quakertown, Pennsylvania (Meng, 2014). Neusoft established a new IT department in medical devices and software sectors in cooperation with Northeastern University in China to promote and develop new products (Tan, 2011). Naton-Irene (a high-tech consumables producer for orthopedics) created a platform for communication with orthopedic doctors from all over the world in order to have a very convenient way to share their experiences and new protocols in surgical operations. Therefore, the company acquires lots of new ideas helpful in improving their products. Moreover, direct contact with orthopedic doctor federations in different countries helps them to create a good network of reliable specialists, which they started to use when they established a private hospital network company

focused on orthopedic surgical operations. On the international market, Naton-Irene company could not change the perception of the quality of Chinese equipment in biodegradable and bioactive implants market, so at the beginning of 2010, the Chinese company purchased the biggest and most popular company on the market—Inion Oy of Finland (Bloomberg, 2010). Thanks to this acquisition, the Chinese company was able to enter the international market, gaining an advantage among competitors and very good product to sell in the Chinese domestic market.

Coming back to Mindray, in order to increase their competitive advantage, they became the first Chinese company representing Medical Devices listed in the Nasdaq (New York SE) in 2006; due to the same reason, they purchased the American company Datascope Inc in 2008. Then they acquired Shenke Medical, Hyssen Electronics, Greenlander Information, and Tiandiren Biotech in 2010, and in 2012 Mindray purchased Dragonbio Surgical Implants and Optcla Medical Instruments. Now, Mindray is represented in four divisions covering 80% of the medical devices needed by hospitals. In 2011, in order to get control of sales in the Australian market, Mindray purchased the oldest and only Australian anesthesia manufacturer, ULCO. It then upgraded their sales line with their own products, and gained about 30% of market share in two years. In order to control the market of high-tech consumables like the multi-gas analyzer and capnography modules used in respiratory care equipment, the same company acquired Switzerland's Artema company and become one of the main suppliers of consumables to their competitors (Frost & Sullivan, 2007).

### **Adaptability**

Chinese companies are very flexible and adaptable; it is very easy for them to change the structure of the company and product according to a certain situation in the market. For Islamic-oriented countries, many companies change the color of equipment to green - the most suitable color in Islamic culture. In order to support sales needs, Landwind created a strategy department that gathers all the top-managers representing every department (R&D, customer service,

sales, marketing, finance, production etc.). If any problem or demand from the customer arises, they can make changes to the product in a very short period of time (Northouse, 2013). Due to the increased speed of the processes in the company in order to support every product department, Aeonmed (anesthesia and ICU ventilator manufacturer) put R&D, production and finance responsibilities together according to product type. This means, for example, the anesthesia machines department and ICU ventilator department work like different companies with their own budget and revenue. In order to supply the specific needs of the doctors and make cooperation more convenient, Mindray and Yuyue (rehabilitation equipment producer) started to produce and supply consumables for their own products. Therefore, they have been able to sign long-term contracts directly with hospitals.

Another important point is that according to the particular situation in the market, they can work using distribution sales development, direct government bids participation and direct sales (Meng, 2014).

When e-commerce started to grow in China, medical device companies were among the first to promote their products on the platform of Alibaba. Issues with customer service were resolved through local service centers. Because the cost of these centers was high, companies lowered costs through the strategic alliance platforms mentioned previously. Currently, the e-commerce platform for medical devices is one of the most profitable.

The work of Meng (2014) showed that in order to be adaptive to the needs and perceptions of customers, Chinese companies, with very short histories, started to use the strategy of cooperation with the world's biggest players. The best example of this alliance is between Beijing Aeonmed and a German company with more than 100 hundred years of anesthesia production experience. When some parts of the product are assembled abroad, devices are produced under a different brand name and country of origin.

### **Strategic Advantage**

Chinese companies created strategic advantages by opening representative offices



near key customer businesses, so if any problems or questions with the products or order arose, customers only needed to knock on the nearby door.

In developing countries, increasing populations pressure governments to adopt cost-cutting reforms in the healthcare sector and reduce the purchasing price of medical equipment while keeping the quality of the products. Chinese companies have shown great results in this field. Since 2004, Mindray has set up about 20 overseas sales offices with customer service support centers. This has helped them understand local market demand and customer requirements. And this also provided better local services, which increased brand stability in the market (Tan, 2011). In order to gain the advantage in African and Middle-Eastern markets, Neusoft and Yuyue companies opened a hub in Dubai where they can keep products, spare parts and consumables; so in 72 hours they can deliver a certain product in every part of Africa (Sigurdson, 2008). In looking at the sales strategy of Aeonmed, an observer will find that this company has been providing a communication platform for the specialists and doctors who have been using their equipment. The company created an international network among doctors who have been using their anesthesia machines. These local associations provided practice exchange and knowledge sharing programs for doctors in different countries, mainly in China (Meng, 2014).

What is interesting is that a lot of companies in China working in medical devices are very open to original equipment manufacturer (OEM) cooperation. This is the type of cooperation where one company produces parts or equipment with the label of another company; it means that they are not really focused on the brand building process, but on manufacturing scale. Chinese companies currently are the biggest OEM supplier in the world. Through use of OEM development strategy companies can avoid many of the expenses for promotion and marketing activities. Consequently, they can afford high scale production, which will be helpful for reducing the cost of equipment produced with their brand (Tan, 2011).

Moreover, through cooperation with highly experienced and professional companies, Chinese

companies increase their level of experience and market promotion instruments. Deng Xiaoping, one of the leaders of the Chinese Communist Party interpreted the whole Chinese philosophy in one phrase, "It doesn't matter if a cat is black or white, so long as it catches mice" (Moak & Lee, 2015). The majority of companies are using the sales network and brand name of another company to establish their own sales network and increase the production volume of their own products. Thanks to this strategy, Chinese companies don't need to create big marketing departments.

## Conclusions

Based on interviews with top and middle level managers, the researchers tried to express the key strategic points of traditional culture through the marketing development. This paper describes the relationship between traditional points of great strategists mentioned in the book of *Sun Tzu, The Art of War* and the particular approach of Chinese companies during the development of international markets. The idea was to focus on certain cases and describe it from the point of view of managers who are working in these companies. Those strategic points and approach have been compared and analyzed together. Basically, the cultural background has more influence on societies than individuals think. That could be one of the reasons why Chinese companies are more successful in the global market than Indian or other Asian companies.

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