

# Part One



The Knowledge

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CHAPTER **1****The Target  
Acquisition  
Equation**

**H**ere are the ropes:

Needs + Features = Benefits  
Goodwill + Reputation = Trust  
Benefits + Trust = Agreement × Price Quotient

The target acquisition equation (TAE) makes it easier to estimate the chance of a successful sale by breaking down each component into measurable values. I developed the TAE as a result of observing the sales process across the world, but mainly in Australia and China. These countries have strikingly different business cultures. In Australia, sales are relatively straightforward. Magazines like *Which Car?* have taken advantage of the public's increased understanding of their own needs in the search of a specific product, in this case, a suitable automobile. Australians are also a people used to asking questions, which may be why the country has a relatively high number of Nobel Prize winners, at 13, of which 11 were in the field of science. Chinese, on

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the other hand, are not the questioning type. This is even ingrained in the language. For example, the concepts of “question” and “problem” share the same word (问题; *wèn tí*). When I worked at Jiaotong University as a business administration teacher, my Chinese workmates told me they felt their lecture was inadequate if students, mostly *Bal-ingham*, asked questions at the end of the class. I felt the complete opposite. Initially at the end of each class, I would leave five minutes for Q&A, but this was only met with silence. Q&A soon disappeared from my lectures as well. Therefore the first part of the TAE, that is, finding the benefit, may be more challenging for Chinese readers, because it involves more questioning than is the cultural norm.

The second part of the TAE was developed in China, hence the “Selling . . . to China” title of this book. The text is still relevant to other sales and negotiations. The concepts of goodwill and reputation only became clearer to me when I found myself in China, a country that has the specific term *Guanxi* (关系), which equates to “it’s not what you know but who you know.” The fact that the Chinese have a term for this phenomenon highlights how important it is in their culture. (They also have an extraordinarily large number of words for tofu.)

Brands in China are also more immature, which means there is more white space for new brands to develop. Hence the importance of reputation, and the speed at which it can be gained or lost. Both eBay and Google sat on their laurels when entering the Chinese market, and they did poorly. While Google currently sits in second place behind Baidu.com, eBay eventually pulled out of the Chinese market altogether as it was unable to compete against its Chinese competitor, Taobao.com. Both American companies thought that their reputation could be transferred directly over to the Chinese market. Obviously, that wasn’t the case.

So, once you show a benefit and develop trust you will reach an agreement. Well, almost. There is still one factor that could disrupt that—money, but more on that later. The elements of the TAE form the basis for the next few chapters.