



The Association World in China

China represents the largest single consumer market in today's world and as such a target expansion audience for associations and companies alike. What are some of the key opportunities or challenges that associations should consider if wanting to do business in China?

The concept of associations as we know it in the west does not exist in China. In Europe and the United States, for example, a few individuals or companies sharing common professional interests or with a desire to defend a certain industry, can get together and create an association. The only restriction to running and operating the association is the need for official incorporation of the desired association within the jurisdiction of the chosen legal system.

Not so in China. To exist in China, an association must be "ordained" by a government agency. Adoption by a governmental body is a prerequisite for establishing an association in China. This dates back to the pre-liberalisation of China – most of the not-for-profit organisations that exist today were originally established as government agencies, to assist the government in administering or controlling a certain industry.

There is currently no rule, regulation of procedure for registering an international not-for-profit in China. A non Chinese association can do business in China by setting up a representative office, registering a wholly-owned foreign enterprise (WOFE) under the Bureau of Industry and Commerce or partnering with a local association management company with a legal entity. Similarly it is not possible to legally incorporate a chapter or affiliate of an international association. This concept does not exist within the structure of national Chinese associations; most provincial or city branches are autonomous with no need to abide by a charter.

Although there are close to sixty thousand registered associations in China, the association industry, as defined by western standards, is still in its infancy in China and has some unique characteristics. Since most of the associations were transformed from government agencies in the 80s, the majority are still run by government officials and benefit from government funding. The emphasis is on not making profit with limited business activities; programmes and products are often delivered free of charge to members and there is little attention given to marketing and promotion.

The increasing influence of international associations is driving change and the association world is rapidly evolving in China. The proactive marketing of the values and benefits of membership and involvement in international associations is changing the perceptions of Chinese professionals and companies towards associations. Volunteerism as a concept is emerging as individuals discover the core values of western associations -such as being member-driven, independent and neutral- and realise that they can actively become involved and help shape programmes, activities and communities of practice.

Keys to success

The Chinese market offers huge expansion opportunities to international associations and the Chinese professionals and companies that can benefit from the knowledge base,

education programmes, training, credentials and standards offered by such bodies are highly motivated and keen to invest.

Understanding the market potential and the relevance and significance of your association, its values, products and programmes in China is a vital pre entry measure. Invest in market research to understand the market readiness; assess the maturity of the profession or industry you represent; understand its demographics and its needs; identify whether your products and programmes are of interest to the Chinese or if customisation is required to both content and pricing to render them valuable and relevant; analyse the local and other international competition; and map out your community and stakeholders – who are the potential partners, local associations, government agencies, universities, state owned enterprises, multi-national companies, local companies and individual professionals with whom you want to build relationships. From this intelligence develop your China strategy, articulate your goals and objectives, build your three to five year business plan and be prepared to invest in the long term. Do not look for quick wins. You need to demonstrate your commitment to Chinese business and individuals and show that your association is “here to stay”, so that they will learn to recognise and trust your brand over time, and be willing to invest in and be associated with it.

It is important for the Chinese to be clearly able to understand “what is in it for them”; what does your association offer them and how will it help them, as individuals advance their career or as companies gain market share and global access. China is enjoying high economic growth and the Chinese society is evolving at a fast pace. Individuals, particularly young professionals, are looking for maximum professional development, status, promotion and recognition; so associations with a sophisticated body of knowledge, strong educational offerings, certification programmes and professional credentials are most likely to attract Chinese professionals. Companies will support and pay for their employees’ access to these professional tools. From the company perspective, associations that provide them with an internationally recognised accreditation and technical standards, the knowledge, methodology and training to perform in line with global players and will be seen as essential to their business success.

Associations can also learn from the Chinese consumers’ attitude to well-know corporate brands. Status symbols, external evidence of personal advancement and prestige are important, and help to fuel the expansion of the middle class in China. Big and “bigger” household items, luxury cars, widely recognised fashion articles are popular. The notoriety of an association’s brand or product offerings matters in China; effective local language marketing and communications is a must and at the very minimum a comprehensive website in Mandarin and with a Chinese URL must be created and maintained. Mobile telephones offer a quick, efficient and widely accessible form of communication across China. Telemarketing, as a tactic to stimulate participation in a conference, is a common and fruitful practice. Social media is also highly relevant in China but not with the popular brands accessible in Europe or the United States. Facebook and YouTube, for example, are blocked in China but China has its own brands -such as Kaixin and RenRen (Facebook equivalents) and Youku and Tudou (same functionality as YouTube)- equally as prolific as their western counter parts. Social media is growing in importance in China; research indicates that 92% of Chinese internet users are likely to use social media and that Chinese internet users are twice as likely to use chat, and three times more likely to micro blog, than American users. As in other parts of the world, social media tools provide an excellent platform for association communities to share ideas and comments and are helping organisations to increase their brand awareness, listen to customers and benefit from the power of viral marketing. Word of mouth and peer referral are fundamental to helping your association’s growth in China.

Importance of relationships

It is important to understand that from an "institutional" point of view, China can be quite conservative and restrictive towards foreign organisations – wanting to retain control. Relationships in China are therefore key, particularly relationships with local Chinese associations (and by default with the government agencies). An international association must find its counter-part in China and collaborate from the outset. This will be a slow and deliberate process that can only be established from regular face-to-face contact and conversation. The Chinese enjoy developing relationships during dinners and lunches; most of the important decisions are made during meal times. Do not expect to "do business" in the early phases; developing the contact over time and grooming the relationship are key to ensuring the collaboration and partnership in the future run effectively. Who you know and what you know is fundamental and referral will accelerate those initial phases; personal relationships are held in great esteem by the Chinese.

Benefits of collaboration with local Chinese associations include knowledge sharing, trade cooperation and exhibitions, networking opportunities and joint initiatives which are deeply appreciated by both individuals and the government. Running joint programmes such as conferences are seen as win-win, but sensitivity to local cultures and priorities is essential. Bear in mind also that the knowledge and skills of the local association staff in the organisation of conferences is not as advanced or as experienced as it typically is with professional association staff in the west – it is advisable to have your own local professional staff, representatives or congress organisation team take care of the overall management of a joint conference so as to maximise efficiencies and results. Remember too that planning does not always advance according to western timelines; for example late confirmation of delegates' participation is quite common and, unfortunately, last minute cancellation due to a change of plans or matters of higher priority imposed by senior management.

Other local or cultural sensitivities to consider include: avoid speaking about sensitive issues (politics, religion, sex); if international speakers and presentations are involved translation from English to Chinese should be provided; understand that communication and presentation style is not interactive; be sure to address and introduce VIPs with their appropriate title; round tables are preferred for dining or meeting functions; most Chinese do not initiate conversation by nature, therefore a cocktail reception might not work well; dinner tends to start earlier, particularly compared to European countries, and finish faster, especially if it involves government officials.

The backing and presence of government representatives or officials will help to attract participants and elevate the profile of the conference, but they will also want to control their part of the agenda and the content of their speeches may not always be aligned to the needs of the conference programme or association's objectives. Furthermore, as is the case with government officials in many other parts of the world, the identity of the speaker is likely to be confirmed late or change at the last minute.

Finally, if considering organising an international association conference in China be sure to get approval and licenses from the relevant ministries and keep the authorities informed at all times (to navigate the rigorous regulations, it is advisable and more efficient to work with a reliable local partner who is authorised to apply for the licenses and permissions and stamp visa application letters etc); get everything in writing and follow up more often than you would think necessary; and be very clear on what you want and what you are expecting. Be careful not to offend and do not make local people lose their face at any stage in the negotiations. Be humble, try to adapt as much as possible to local ways and understand that local standards, expectations and quality are not necessarily the same as yours.

CHINA FACTS (as possible insert box)

Population: #1 in the world: 1,339,060,000; 19.52% of world population

Geographic size: #5 in the world 3,705,405 square miles

GDP: # in the world

Associations: +/- 60,000 trade/professional associations

Association staff: +/- 400,000 employees

About the author

Nikki Walker is Vice President of Global Association Management & Consulting for the MCI Group. From its two offices in mainland China, in Shanghai and Beijing, MCI represents several international associations, providing them with market research; local intelligence; a legal status; and professional, local staff and expertise to understand, be relevant, succeed and grow in China. MCI also organises many international congresses in China and Hong Kong on behalf of international associations from multiple sectors.

About MCI

With 44 offices worldwide and 950+ staff, MCI Group is an independent global association, communications and event management company. We work with a variety of US-based associations on building their international communities through local office presence, strategic assessments, events and regional communication. MCI has a worldwide strategic partnership with SmithBucklin.

MCI office locations: Abu Dhabi, Adelaide, Amsterdam, Barcelona, Beijing, Belfast, Bengaluru, Berlin, Brisbane, Brussels, Buenos Aires, Copenhagen, Cordoba, Delhi, Dubai, Dublin, French Riviera, Geneva, Glasgow, Gothenburg, Hobart, Hong Kong, Lyon, Madrid, Mar del Plata, Marseille, Melbourne, Montpellier, Mumbai, Paris, Petersfield/London, Prague, Rio, Rome, San Paulo, Seoul, Shanghai, Singapore, Stockholm, Stuttgart, Sydney, Tokyo, Vienna, Zurich.

MCI is AMC Institute accredited since 2007.

For more information visit:

www.mci-group.com/associations – main website

www.growglobally.org – a resource for global strategy, regional planning and local execution

Find us on Twitter: <http://twitter.com/MCIAssociations>