



Broadband in China – it's a culture thing

Broadband is changing the way people connect right around the world so could lessons from across China help provide BT with new ways to innovate?

A BT-sponsored anthropologist found the internet at the heart of relationship-building – and a great entry point for start-up businesses.

As part of its strategic university research programme, BT co-sponsored PhD student Xiaoxiao Yan, who studies at Cambridge University's department of social anthropology, to look at the cultural impact of broadband in China.

Her findings show how entrepreneurs there can build entire businesses through the internet, using bulletin board systems and forums to build trusted relationships with customers online.

As part of her research Xiaoxiao spent a year in Beijing observing a small start-up company - SKS - that sells second-hand laptops.

SKS is run by a university student and his girlfriend, has one other part-time member of staff and rents one third of a room to work from. Despite its modest size, in just three years it has become one of the largest sellers of second-hand laptops in Beijing.

The business uses almost exclusively broadband internet communications to build relationships with its customers, rarely meeting any of them in person.

Building trust online

BT Group head of strategic university research Jeff Patmore said: "Most Europeans don't understand the Chinese and what drives them. It is a completely different culture to the West. The Chinese feel very strongly about the importance of relationships and the family.

"The way they build relationships is very different, and understanding that is very important to business. If you start a business relationship with someone in China and it's going well, you will be invited to meet the person's family.

"That seems quite strange to us in the West, but in China it's an indication that you're building trust."

This is reflected in the way SKS builds relationships with its customers online. Someone might post a question on the website asking about a particular laptop and there will be an initial conversation about the laptop's merits and what the customer needs from it.

These conversations will continue but will then develop into more familiar exchanges, asking what the customer does in his spare time and questions about his family. A customer even posted wedding photos for SKS founders Pengcheng Ji and Dan Chen to see.

Xiaoxiao sees this as an integral part of Chinese society. People spend a lot of time on instant messengers, online games, blogs and forums. While Western forums typically involve hundreds of people discussing a specific topic, Chinese forums can have millions of users talking about everything from family life to second-hand products.

This creates online communities and a sense of belonging which is very important to the Chinese. The role of these forums is huge when it comes to buying goods from a company, particularly with expensive items such as laptops.

Reputation is vital

“Giving some sort of warranty or guarantee with electrical equipment doesn’t reassure consumers enough in China, as many companies in the market are start-ups and the law is sometimes difficult to enforce,” explained Jeff. “And often if you want to get something at a lower price, you would waive a guarantee anyway. Very few people worry about a guarantee - it’s more important you have a relationship with the supplier.

“People will often spend six months to a year observing comments posted by a supplier’s customers and watching the supplier’s response to queries before they decide whether to buy from that company. This is quite common in China.”

Fraud is a problem with laptop maintenance in China, with imitation laptops for sale and fraudulent equipment deals a regular occurrence. Against this background, it is even more important for companies to build up a good reputation, and this gives further insight into why SKS is doing so well.

Jeff said: “Xiaoxiao’s work has given us a greater understanding and has prompted a lot of discussion. If you’re Chinese, this is all very obvious. But if you’re not, it’s far from obvious.”

- BT’s strategic university research programme includes relationships with 33 universities and business schools across the world. Activities with universities provide BT with access to more than £1 billion of research in information communication technology (ICT) and associated fields.

The company’s work with universities is designed to span the entire innovation process, from research and development right through to sales and marketing.

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