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MBA 678 International Business

May 30, 2020

Will China Continue to be a Growth Marketplace?

Will China maintain its strong economic growth in the years to come? Some suggest it will until 2050. What do you think?

Based on its current trend, China will certainly maintain some level of strong economic growth in the coming years. This is due to China's unique strategy for employing economic growth within the country. Its strategy consist of large economic growth because of massive government spending. China's government sought to procure and dominate the big corporations with largest industry territory within the country. This included conglomerates such as the big three energy and power companies (Huang, 2020). Implementing this strategy allowed China to determine which high priority projects those companies invested their capital.

Another huge contributor of China's economic growth was as result of investments from foreign companies. Many foreign companies decided to do business in China due to its profitability in comparison to making products here in the United States. China certainly capitalized on these investments. As part of China's growth strategy, they placed several high demanding requirements on outside foreign companies such as Best Buy and eBay. These requirements included a mandate to open factories in China and to hire local Chinese workers. In addition, a requirement was to share and be very transparent with any technologies used to make products (Huang, 2020). This was definitely a profitable strategy as China just took any technology shared and replicated the products made by foreign companies and sold them themselves at lower cost.

As a final benefit, China has been able to lower its poverty rate making its citizens wealthy. A wealthier citizen based means that the country is able to experience a boost in its domestic demand for products. With this domestic demand, China can now reduce its dependency on revenues received through its exported goods.

With such a unique economic growth strategy, China would be sure to trend positively over the next years through 2020. However, this year with the insurgence of the global pandemic of the coronavirus, the country is now taking a huge blow. The pandemic has greatly affected China's production in factory made goods. It has affected in agriculture, as well as its ability to export goods to other countries (Stevenson, 2020). At this time, no one knows the final impact the pandemic will have on the country's economic growth.

If China will go from 17 million to 200 million middle- and upper-income people by the early 2020s, would the scenario presented by Best Buy not be applicable anymore? Would newly rich Chinese customers engage in this purchasing in the 2020s?

The scenario presented by Best Buy would not necessarily be applicable by the early 2020s. There are several reasons that could present itself and prove to be a barrier to Best Buy strategy. One primary barrier would be China's strong cultural heritage. Best Buy's strategy focuses heavily on the increase in income and wealth of China's citizens (Hill & Hult, 2019). However, this strategy discounts Chinese culture. Chinese culture is very strong and its nature is even weaved into the buying behavior of the Chinese people. Despite the income bracket, Chinese still prefer more intimate level shopping, and more personable communication with sellers. With this in mind, newly rich Chinese customers would not necessarily engage in this purchasing in the 2020s.

With Alibaba's ownership of the very popular Tmall and Taobao online shopping systems (similar to eBay and Amazon) and its spread across the world, will a Western-based online shopping culture ultimately infiltrate China?

Based on current growth trends of online retailers such as Amazon, I do believe that a Western-based online shopping culture will ultimately infiltrate China. This is because the Western based online shopping companies will begin to improve their ability to support Chinese culture. Most companies are able to leverage the successes of other companies. One of the great things about Taobao was its built-in instant messaging system (Hill & Hult, 2020). This feature is something that Amazon will definitely capitalize on; especially seeing how beneficial it is in the Chinese market.

References

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