

Chinese market environment

Business



The Chinese market environment has attracted many foreign investors due to economic advantages of growth, consumption and improved infrastructure. The vast economy of China has placed it at the growth position with a high GDP and a large market, production and consumption possibility in all industries. The investment climate has been enhanced by the government to foreign companies. The Chinese market has offered an environment that is conducive to emerging markets. Based on the porter's forces model, the market has provided opportunities to both foreign and domestic industries (Wen, 2007).

The degree of rivalry encouraged foreign investors to venture the market, as rivalry from Chinese products in the market to counter this force the investors ventured to the market. The potential rivalry in this market has encouraged foreign investment in the Chinese market as the ultimate solution. Firms have resorted to enter into joint ventures with Chinese firms to eliminate the threat of rivalry and achieve competitive advantage globally (Anastasova, Nenovski, & Pedersen, 2011). The industries are producing substitute products to existing products, which is a threat to profitability. The firms adapt a mode to switch product prices of the product and because china offers a lower cost in production process. It is therefore imperative to venture to the market to adjust the price of existing products to avoid substitution (China's Marketing Environment).

The degree to which the economy of china is growing is higher economically, and the large population which makes it to emerge as a world target market for companies. Thus foreign firms are rushing to acquire considerable market share which is readily available in china (PaperForYou, 2009). Thus most

international firms are focused to establish their operations in china due to the large market. The power of suppliers is a determinant of the competitive edge of a company. The availability of suppliers in the Chinese market have rendered the market to be competitive unlike in the western countries where the suppliers are limited resulting to higher product prices.