

CYPRUS - CHINA BUSINESS SURVEY

2020 OVERVIEW & REPORT



**CYPRUS - CHINA
BUSINESS ASSOCIATION**



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OVERVIEW & REPORT

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1. Executive Summary

Key Findings

At times of uncertainty, international and cross-cultural business becomes increasingly demanding and complicated. The 2020 Cyprus – China Business Survey explores the common challenges and needs of Cyprus – China Business Association members and highlights the necessity for Cypriot businesses to adapt, collaborate, and innovate in the 'new normal'.

Finding reliable and trustworthy collaborators (suppliers, distributors, agents, etc.) was found to be the most common challenge faced when working with China. To boost their business efforts in the Chinese market, participants stressed the need to access company credit reports to evaluate the creditworthiness of potential partners. Survey participants also stated that online selling and generating leads through a website or social media is one of their top priorities right now.

Recommendations

Based on the survey findings and ongoing epidemic, we recommend that Cypriot companies take the following actions to navigate the Chinese market more effectively:

- Start using popular Chinese social media platforms (WeChat, Weibo, Tik Tok) to better understand how the Chinese buy, sell and conduct business online.
- Learn more about the Chinese supply system and product sourcing through online resources and best-practices of EU companies trading with China.
- Capitalize on China company credit reports to avoid fraudulent deals, validate the legitimacy of potential partners, and reduce dependency on local agents.
- Invest in Chinese online marketing and virtual events as an alternative business development strategy to physical visits, business trips and exhibitions in China.
- Remotely recruit Chinese employees or interns to overcome some of the language and cultural barriers pertinent to China-related business.

2. Overview

Description

Cyprus-China economic and trade relations have been steadily improving in recent years and the amount of businesses in Cyprus which are keen to work more closely with China is larger than ever.

In light of this and an ongoing global pandemic, the Cyprus – China Business Association (CyChiba) and Cyprus Chamber of Commerce and Industry (CCCI) in collaboration with Petros Djakouris, a China-Marketing Consultant, have designed the 2020 Cyprus-China Business Survey.

Through an online survey that combined multiple-choice and open-ended questions, we encouraged participants to indicate the key challenges they experienced while doing business with China.

The survey was open from May 15 to June 26, 2020, amidst a coronavirus epidemic that accentuated the need for technology adoption and pushed organizations to conduct business and build relationships online.

Objectives

The objective of the 2020 Cyprus-China Business Survey is to better understand the needs and challenges that Cypriot companies face when engaging in business with China.

Through the findings, we aim to deliver more targeted assistance to support the Chinese ventures of CyChiba members and the extended business community.

About the Survey Providers

Cyprus China Business Association

Under the auspices of the Cyprus Chamber of Commerce and Industry (CCCI), has been one of the most important partners of the Chinese Embassy in Cyprus ever since it was founded. CyChiba is committed to acting as a business bridge between China and Cyprus, building up a platform for cooperation through various activities, and opening a window of opportunities for cooperation in trade, investment and economic exchange among our business communities. The CCCI is the union of Cypriot businessmen, the interests of whom it promotes by submitting to the government and the Parliament the members' positions on matters in which they are involved, while, through its participation in tripartite bodies and committees, it conveys and promotes the views of the business community.

Cyprus Chamber of Commerce

The Cyprus Chamber of Commerce and Industry is a private corporate body functioning under special law and is financially independent, free of any influence by the state. The Chamber is funded by its members' subscription fees and through income generated from a number of services it provides.

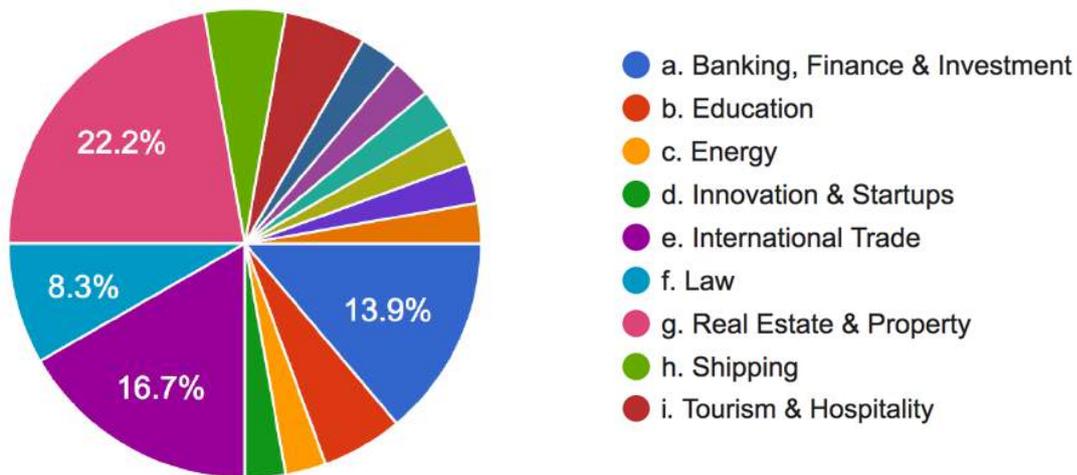
Petros Djakouris

Petros originates from Cyprus and speaks fluent Mandarin Chinese. After working with corporates and startups in China for five years, he started a consultancy that helps international companies succeed in China through social media management, website development, and China-readiness training programs. As an avid supporter of innovation and talent development, he started BeHive, a youth organization that provides career training to young people across different cities and universities in China.

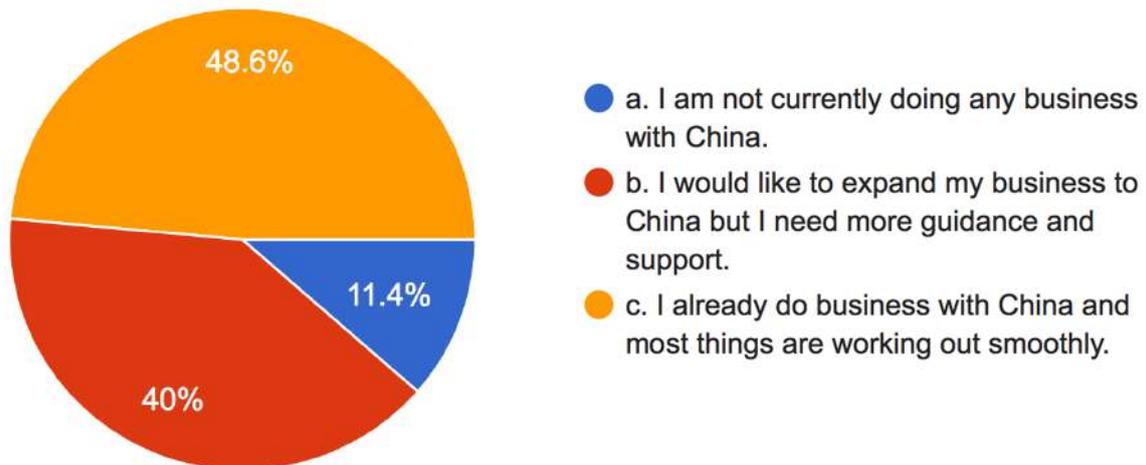
3. Survey Results

Survey participants profile

Survey participants work in a range of different sectors and industries, with the majority coming from Real Estate (22%), International Trade (17%), Finance (14%) and Legal Services (8%).



Question: What is your current status?



49% of participants conduct business with China with no issues, while 40% mention they need more support to get started. 11% are not currently engaged in any Cyprus-China business activities.

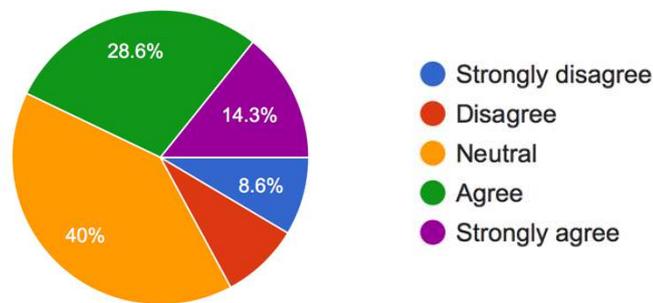
SURVEY STRUCTURE

The survey was divided into two key sections. Part One aimed at to identifying the biggest and most common challenges that participants face when doing business with China.

PART ONE: CHALLENGES

Statement 1:

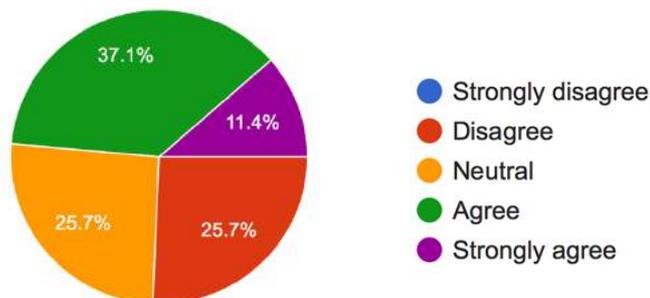
I find it challenging to recruit qualified Chinese staff:



Key Result: 45% of participants agree or strongly agree that they find it challenging to recruit qualified bilingual Chinese staff.

Statement 2:

I find it challenging to develop & maintain local Chinese government, client or supplier relationships:

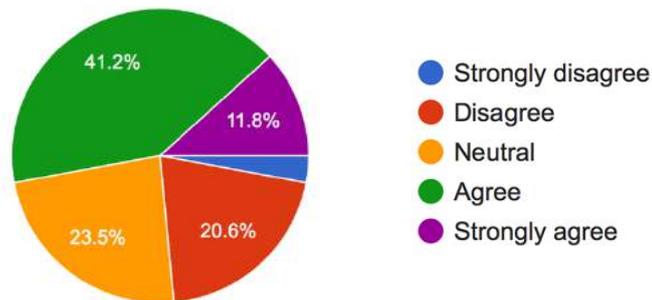


Key Result: 49% of participants agree or strongly agree that it is challenging to develop & maintain local Chinese government, client or supplier relationships.

PART ONE: CHALLENGES

Statement 3:

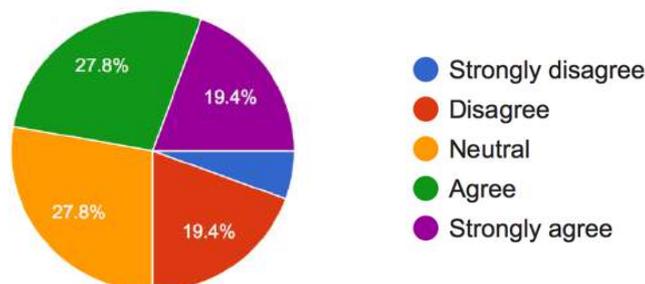
I find it challenging to find reliable and trustworthy collaborators (suppliers, distributors, agents, etc.) in China:



Key Result: 53% of participants agree or strongly agree that they find it challenging to find reliable and trustworthy collaborators (suppliers, distributors, agents) in China.

Statement 4:

I find it challenging to Operate marketing channels in China that produce attractive marketing content that sells or generate leads.



Key Result: 47% of participants agree or strongly agree that they find it challenging to operate marketing channels in China that produce attractive marketing content that sells or generate leads.

OPEN ENDED QUESTION – CHALLENGES

Are there any other challenges or issues that you are currently facing with your China-related business ventures?

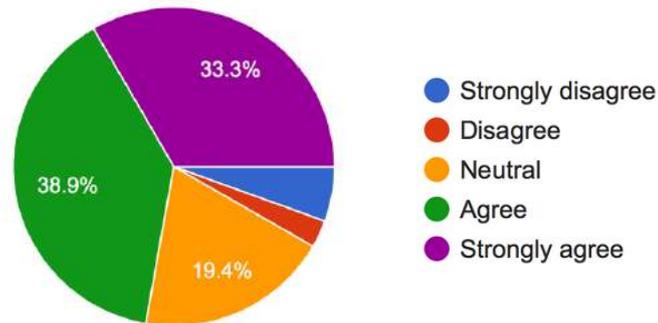
Extract of the most common challenges participants mentioned:

- **Dependency on local agents:** Cypriot companies do not have enough information about local partners, suppliers. It is time-consuming and inefficient to go through agents to get the resources and services we need.
- **Communication:** There are trust issues caused by language barriers and cultural differences between Cypriot and Chinese businesspeople.
- **Covid-19 issues:** The pandemic will influence our scheduled tourist tours and business trips to China in 2020.
- **Quality issues:** Many suppliers sell goods with no genuine quality certificates. It's hard to confirm that a particular supplier or service provider exists and is legitimate.
- **Transportation:** The lack of direct flights yet between China and Cyprus make it harder to conduct business with China and attract tourists or investors.
- **Cyprus Brand Awareness:** The Chinese do not know enough about Cyprus and the opportunities it offers as a European Member State in the fields of international trade, tourism, education, investment, among others.

PART TWO: NEEDS

Statement 1:

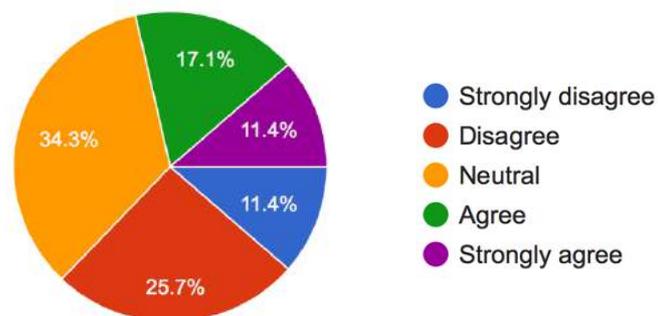
In order to grow my business, I need to sell online through social media, or have a website that generates leads:



Key Result: 72% of participants agree or strongly agree that in order to grow their business, they need to sell online through social media, or have a website that generates leads.

Statement 2:

In order to grow my business, I need to Set up an e-commerce shop to sell directly to a Chinese audience:



Key Result:

29% of participants agree or strongly agree that in order to grow their business, they need to set up an e-commerce shop to sell directly to a Chinese audience.

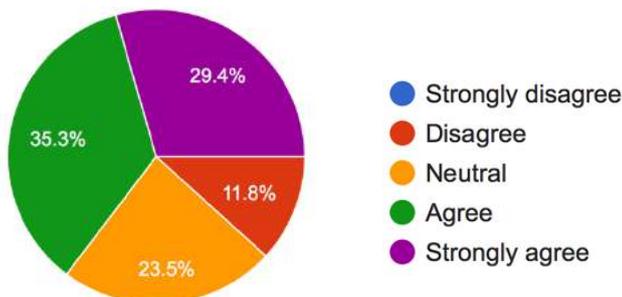
PART TWO: NEEDS

Statement 3:

In order to grow my business, I need to organize local events and conferences or have a more local presence in China:

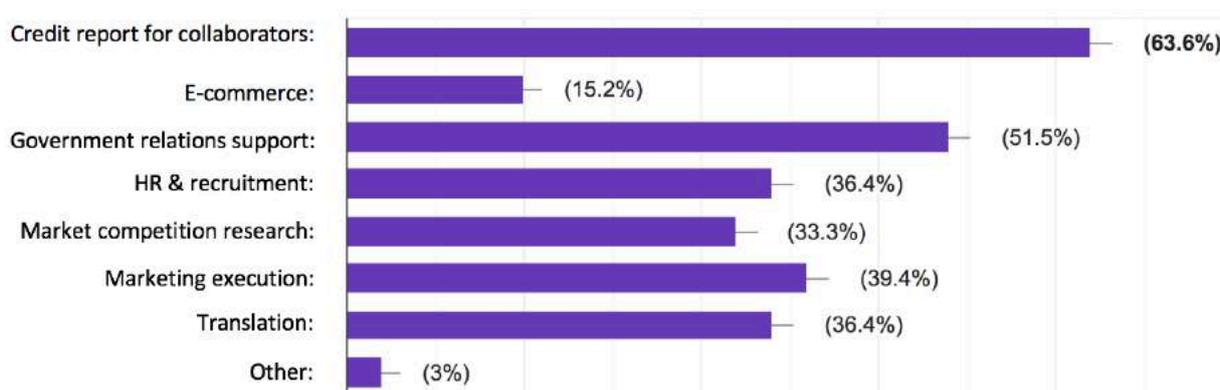
Key Result:

65% of participants agree or strongly agree that to grow their business, they need to organize local events and conferences or have a more local Chinese presence.



Multiple-choice question:

What kind of general support or services do you need to improve your business with China?

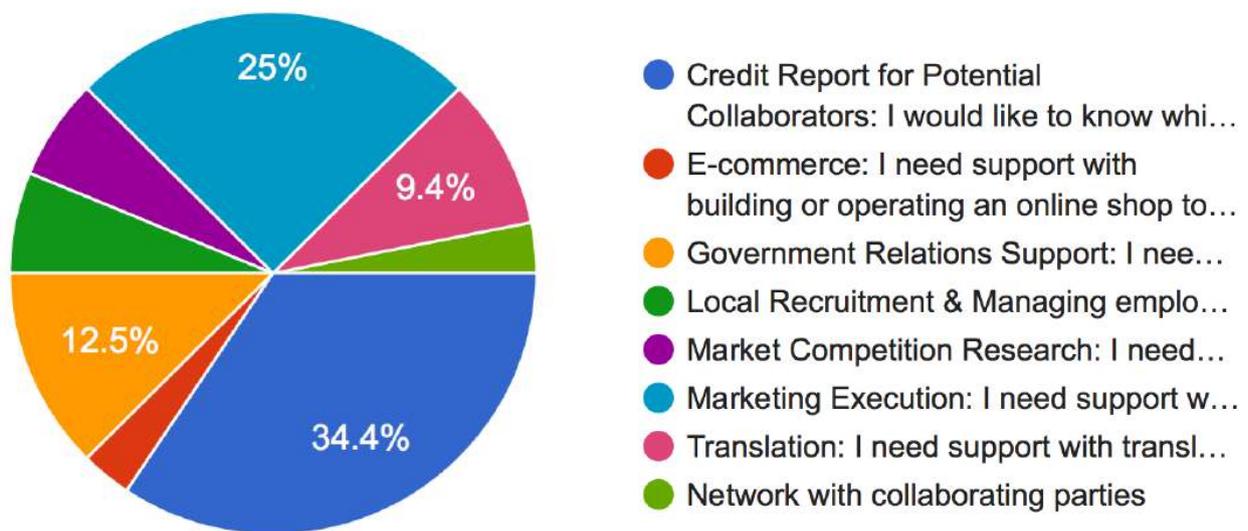


Key Results: 64% of participants said that they need a credit report for potential collaborators to know which companies they can trust and work with in China. 52% of participants said they need support with developing government relations to navigate the Chinese market more effectively. 40% of participants stated they need help with Marketing Execution (SEO, Social Media Marketing, Chinese Website) or creating localized Chinese content.

PART TWO: NEEDS

Single-choice question:

What is one kind of support that could improve your business with China in the immediate future?



Key Results: 34% of participants stated they would need a credit report for potential collaborators in China, while 25% said they need support with executing their online marketing plan. 13% selected developing stronger government relations as their priority, and 9% stated they need assistance with translation or interpretation between Chinese and English.

OPEN-ENDED QUESTION: NEEDS

Are there any other needs that you have identified while doing or preparing to do business with China?

Extract of the most common recommendations that participants had:

- **Online Database and Partners Outreach:** Create a database with recommended resources, websites and partners. We need a list of reliable partners in China and especially legitimate suppliers or service providers.
- **Market Information:** We need more information about the local market, customs regulations, land transportation, and how to have direct access to the Chinese market. Additionally, we need more insights into accounting procedures, financial regulations, opening a representative office and finding office space in China.
- **Seminar Series:** Organize a series of best-practice sharing events with European companies which work in different industries with China. What resources or service providers have they used? Successes and failures in conducting business.
- **Cyprus-China Agenda:** There should be a clear strategy and plan for a win-win relationship between China and Cyprus. A clear national agenda would allow us to focus our efforts on the right industries.

4. Recommendations and Next Steps

Recommendations

We live in extraordinary times. Technological progress, worldwide epidemics, and uncertain business environments, significantly impact the changing needs and priorities of Cypriot businesses.

The 2020 Cyprus-China Business Survey has demonstrated the immense need for building trust between business partners and establishing quality relationships. Working remotely and conducting business online can act as an additional obstacle to successful ventures between Cyprus and China. To thrive and not just survive in the “new normal”, we need to adapt, innovate and collaborate.

Based on the survey findings and ongoing epidemic, we recommend that Cypriot companies take the following actions to better navigate the Chinese market:

- Capitalize on China company credit reports to avoid fraudulent deals, validate the legitimacy of potential partners, and reduce dependency on local agents.
- Start using popular Chinese social media platforms, such as WeChat, Weibo and Tik Tok, to better understand how the Chinese buy, sell and conduct business online.
- Invest in Chinese online marketing and virtual events as an alternative to physical visits, business trips, and exhibitions in China.
- Learn more about the China supplier management and product sourcing through online resources and best-practices of other EU companies trading with China.
- Remotely recruit Chinese employees or interns to overcome some of the language and cultural barriers pertinent to China-related business.

Next Steps

One of our goals for next year would be to have more participants from major industries such as tourism and education. We hope to establish the Cyprus – China Business Survey as an annual practice and a means to reinforce the efforts of Cypriot businesses working with China.

Entering the Chinese market can be a challenging and substantial investment of time and resources for many companies. Be assured that the Cyprus Chamber of Commerce and the Cyprus – China Business Association are here to support you.

Contact Information

For any additional recommendations or suggestions, feel free to reach out to:

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