

## The Cinnamon Case: Sales Negotiation (Role Play) - A The Seller

Acqua International (AQ): A Europe-based multinational company - interests in water and other environment-related businesses

Joint ventures : medium-size and large municipalities  
"Haoyu China Limited (HCL)"



Strategic alliance: Tak Foy and Co., a Chinese conglomerate with strong roots in China and Hong Kong in the service industry (mainly leisure-related).



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1) How did Acqua International (AQ) prepare for the negotiation?  
2) During the negotiation, what were the key problems, which could make the negotiations successful or failed?

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Acqua International (AQ) is a European multinational company with interests in water and other environment-related businesses. It is a public company listed on the stock exchange. It has a strong reputation in the market and a long history of successful negotiations. It is a well-known company in the industry and has a strong network of contacts. It is a well-known company in the industry and has a strong network of contacts. It is a well-known company in the industry and has a strong network of contacts.

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Problems faced by foreigners in China  
1) Lack of understanding of Chinese culture and business practices  
2) Lack of understanding of Chinese legal system  
3) Lack of understanding of Chinese market conditions  
4) Lack of understanding of Chinese government policies  
5) Lack of understanding of Chinese social norms



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- Chinese people often use indirect communication style.  
- Chinese people often use high-context communication style.  
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- Chinese people often use face-saving communication style.



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- 1) having training and Chinese team members and a local agent.
- 2) - meeting high-ranking officials in the city to seek advice on price.
  - visiting PAQ operations in other provinces for a group of municipal officials in order not to lose the municipality's interest
  - patiently discussing the unresolved selling issues and other negotiation matters, although it took several weeks
  - having a formal banquet every evening , which lent ambiance to the talks.
  - using secondary selling strategy to give both parties some wins to balance the losses e.g. allowing the municipalities to operate the facilities on a twenty five-year contract.
  - trust/ sincerity / respect

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# **Problems faced by foreigners in China**

- Ignorance of how Chinese people may perceive them differently: Blindness
- Chinese people often see foreigners as motivated only by profit
- Chinese know from experience that relationships with foreigners are short-term
- High context society: who you are is more important than your price and product quality
- They believe in people not legal packages



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## Problems faced by foreigners in China

- **Haggling culture:** No ethics concerning sales price
- **Time is not money in China**
- **They won't sign a contract until they feel that the time is right**
- **Power distance is high:** negotiators are not decision makers
- **Language is a big barrier**

### Solutions

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- **Be patient:** It takes time to build the trust needed
- **Local Chinese employees can help building relationships**
- **If they trust you, negotiations easier**
- **Be honest and sincere**
- **Identify the negotiators**

# **Solutions**

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**Thank you for your attention!**

