

# Changing China

## Pivot Points for Leaders

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# Changing China: Pivot Points for Leaders

The strained diplomatic relationship between the US and China is impacting public opinion in both markets and changing cross-border trade in profound ways. Brunswick has been surveying public sentiment in the US and China since 2019. Our latest survey uncovered a wide range of issues important for business leaders engaging in both markets. This note focuses on three key areas that challenge business leaders on both sides of the Pacific: **consumer nationalism**, articulating a **long-term Chinese market strategy**, and **assessing and managing risk related to Taiwan**.

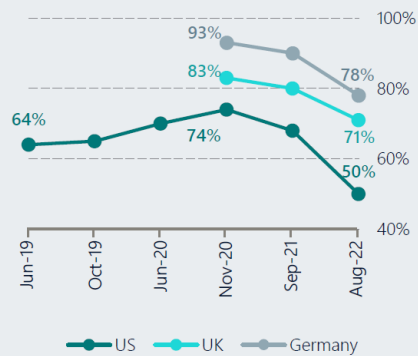
## Consumerism and nationalism converge

Multinational businesses have long benefited from a strong position in the China market, but there is more competition for market share and top talent in China than ever before. Declining trust toward the US and its allies is negatively impacting how companies from those countries are perceived. Chinese netizens are scrutinizing the statements of multinational companies for any positions that run counter to China’s official position, positions that are inconsistent from one market to another, and calling for boycotts of companies that are perceived to be critical of China.

At the same time, Chinese companies in many sectors are becoming more competitive. Many consumers are choosing to buy local by purchasing from rising domestic champions and disruptors. Consumers under the age of 30 are the most likely to be changing their consumer habits to prefer Chinese over Western brands. Not all sectors are equally vulnerable to shifting sentiment; those with a lower switching cost and strong Chinese competitors are most at risk. These changes in consumer and employee preferences will be long-term challenges for multinational businesses to contend with.

### Chinese public trust toward companies is falling, with American companies facing the largest decline

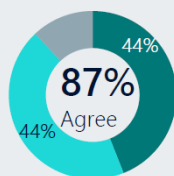
Trust in companies from each country 2019 – 2022, change in %



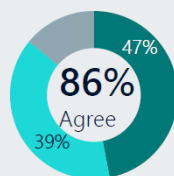
Q: How much do you trust companies from each market that do business in China to do what is right?  
 Source: Brunswick China Market Survey, survey of n=1,000 nationally representative general population in China, Aug, 2022

## Support for Chinese companies is strong, and public wants to see more independence from global trade

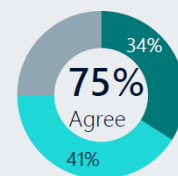
It’s important to purchase from Chinese brands to demonstrate my support for China



Chinese economy should become more self-reliant, creating more goods here at home and reducing our dependence on trade with other countries



It is patriotic to boycott foreign brands that oppose Chinese priorities



■ Somewhat agree ■ Strongly agree ■ Disagree

Q: Please indicate if you agree or disagree with each of these statements.  
 Source: Brunswick China Market Survey, survey of n=1,000 nationally representative general population in China, Aug, 2022

## Articulating a long-term China strategy

While diplomatic relations between China and the West have soured in recent years, and many in business have applauded Washington's tougher approach to Beijing, there is deepening concern about the long-term effects of damaging economic ties with China.

According to survey data from US respondents, the benefits of having multinational businesses operating in China is seen to outweigh the drawbacks, and there is broad support for continued, or even deepened, commercial ties between China and the West.

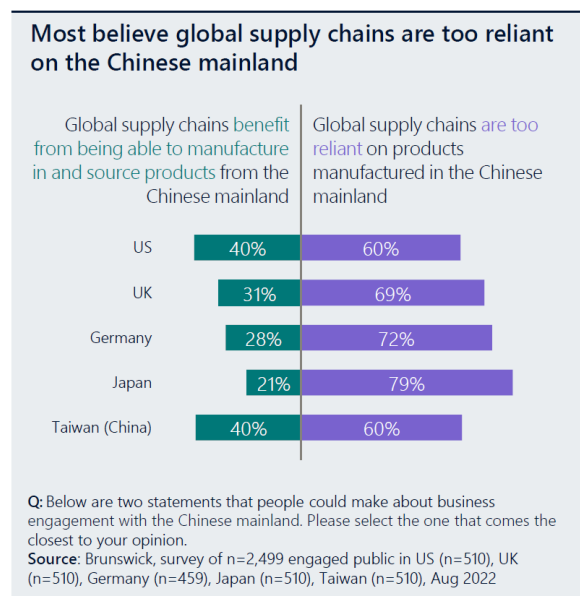
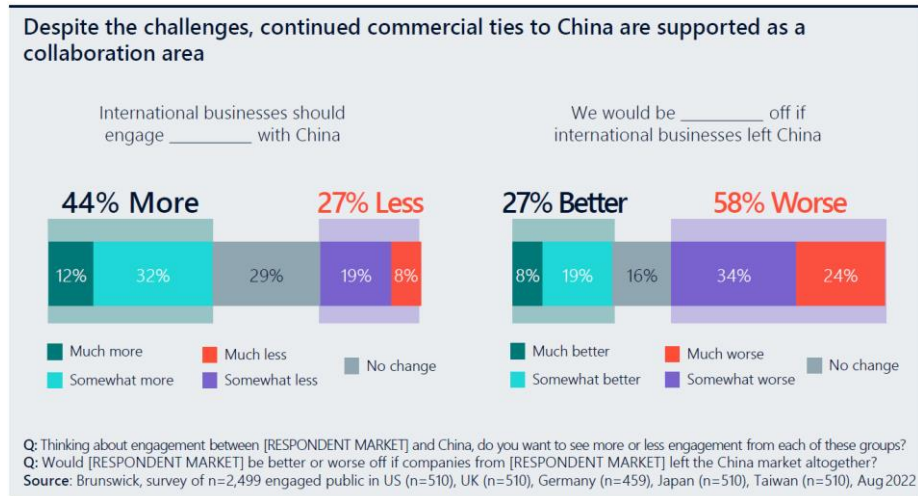
The business environment in China is expected to get more challenging in the future and bilateral relations are expected to remain strained. Government officials and investors in the West have questions about the investment plans and ambitions of multinational businesses in China, and about the overreliance of their supply chains on the Chinese market. Companies that have long-term plans in China will need a clearly defined strategy that takes these sensitivities into account.

## Assessing Taiwan risk

Heightened tensions across the Taiwan Strait have resulted in many businesses taking fresh stock of their exposure in both the Chinese mainland and Taiwan. But there is a wide gap in assessments of this risk area. In the West, risk of military conflict across the Strait is viewed as a near-term risk that requires immediate planning. But in Asia, this not viewed with the same urgency with few feeling that there is a genuine near-term risk. Business leaders are having to navigate communities—including their own employees and customers—who perceive the situation vastly differently while ensuring that regional and global operations and supply chains are truly resilient.

## Next steps

Brunswick is at the forefront of emerging China-related issues impacting corporate reputation, with teams expert in China based in China and around our global network. For success in this complex environment, businesses must understand the political, regulatory, economic and cultural environment in China and in key political capitals around the world to ensure that they are ready to navigate the new uncertainties.



Whether it is boardroom discussions on strategy or on-the-ground counsel on issues impacting operations in China, our team of experts on China matters across our global network are ready to advise and decipher real world developments. We draw on expertise in regulatory and public affairs, corporate responsibility and sustainability, employee communications, media relations, digital and social media engagement, crisis management and litigation communications.

**To continue the conversation:**

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