



ASIA SAVVY

NEW ZEALAND ASIA CONFERENCE 2016

Asia: Thinking Big and Small

27 August 2016



THE UNIVERSITY OF
AUCKLAND
Te Whare Wānanga o Tamaki Makaurau
NEW ZEALAND

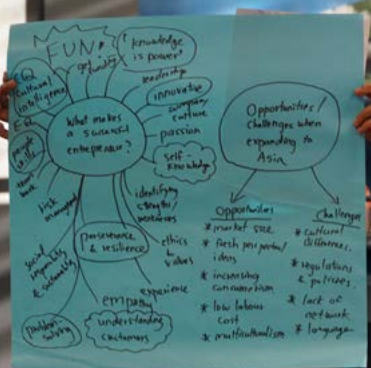
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Conference concepts

Asia: Thinking Big and Small

New Zealand Asia Conference 2016

For this year's event, we looked at the huge opportunities Asia's rapid growth has provided for New Zealand and showcased stories from those who have succeeded in Asian markets. For those of us wishing to engage with Asia, it is easy to become overwhelmed by focusing on the big picture. However, in many ways, to succeed in Asia, it is the 'small' that matters most. We need to think small which means identifying our strengths and leveraging them to benefit from Asia's growth.

The conference examined emerging market trends; explored opportunities for Kiwi entrepreneurs; and brainstormed on how to think innovatively for Asia. It is our goal to develop an understanding on how to position ourselves in the global picture; as well as recognise and act upon opportunities that have, and will continue to arise in Asia.

We invited a diverse group of speakers and students (from tertiary institutions throughout New Zealand) to this conference reflecting our own national cultural diversification. Our expert speakers, owner-managers from small and larger firms shared their experiences, inspiring the audience to become more "Asia-savvy".

In addition to the Q&A sessions after our panel discussions, there were ample networking opportunities during the workshop and team activities. We invited the students, as the upcoming generation of New Zealand's work force, to maximise the opportunities provided at this forum. They were encouraged to be brave and share ideas; to challenge the status quo; to keep an open mind and listen to others; and lastly, to make the most of this conference to learn, develop and connect.

After all, adventure-seeking is in our blood, and we must be able to "think big and small" when it comes to planning our future. As potential future leaders and change-makers, we hope that our conference helped equip our Asia-savvy graduates with both the knowledge and relationships to maximise their contribution to New Zealand business and society.

Kind regards

Annie Ren
Asia Savvy Committee

Asia Savvy summaries

Asia: Thinking Big and Small



On 27 August, **Natasha Hamilton-Hart**, Director of the New Zealand Asia Institute (NZAI), opened the 2016 Asia Savvy conference by extending a warm welcome to the guest speakers and the participants, particularly the visiting students from the Auckland University of Technology, Massey University, Lincoln University and The University of Waikato. She complimented the theme choice, “Asia: Thinking Big and Small”, and encouraged the participants to share their “big and small stories” about the dynamic and diverse Asia region. She also thankfully acknowledged the hard work of the Organising Committee and Dinah Towle from NZAI, and commended their success in attracting a record number of student registrations, essay submissions and sponsors.

Speaking on behalf of the Organising Committee, Annie Ren, a third year student

from the Department of Commerce and Property in Auckland’s Business School, expressed her team’s deep appreciation for NZAI’s support for the conference, which made the valuable opportunity possible for them to learn to put together a significant event. She appealed to the participants to continue the interactive, attendee-centred, and low-waste tradition of the student-led conference and to join the organisers in making it a success. She also assured those interested in helping organise the 2017 Asia Savvy that they would enjoy and cherish the good learning experience.

Rod Oram was then invited to the keynote podium, where the internally acclaimed business journalist shared some important findings and insights from his 2015 research trips to Beijing, London and Chicago for his new book, *Three Cities: Seeking Hope in the Anthropocene* (Wellington, NZ: Bridget Williams Books, 2016). Rod stated point blank that it was not wise for New Zealand to focus primarily on winning the wallets of the middle class in Asian countries. For one thing, New Zealand would never be able to produce the volume to satisfy the big and diverse markets in the region. For another, NZ-Asia relationships should not be limited to merely business interactions and operations in the first place.

Rod further underscored the fact that the world, including Asia, had in recent years been confronted with the grave problems of slow economic growth, stagnant/falling incomes, weak labour markets, and deteriorating ecological life support systems. In the persistent, near-crisis economic and ecological



environment, the middle class worldwide were the “big losers”. He echoed Roy Scranton at Princeton University and Robert B. Reich at the University of California, Berkeley in concluding that “this civilisation is already dead”, and humans had to radically search for different, better strategies and values, and to work out new relationships among ecology, economy and ethics in order for them to live in harmony with nature and to “save capitalism” for the many rather than the few.

On the prospects of how New Zealand might answer these daunting challenges, Rod expressed optimism because of the growth in public awareness of the urgent need to build a sustainable future. In his opinion, this was exemplified by a group of young professionals from leading Kiwi firms, who developed the NZ Vision 2050 for the NZ Sustainable Business Council’s Future Leaders programme. He felt hopeful about “local solutions to global problems” also because New Zealand was the

only country in which the indigenous people signed a treaty in 1840 with a colonial power on the ownership and governance of its land; a hundred years later, New Zealand became a founding member of the United Nations and had played an important role ever since; and Auckland was today the 4th most immigrant-intensive city in the world, with more than 40% of its population born overseas but working with the locals and each other to realise their career and life aspirations.

To leverage New Zealand’s uniqueness in building better connections with Asia and the world, Rod believed that Kiwi businesses should not “go cheap”, but try to convince their overseas counterparts of their merits through demonstrating their originality, smart strategy, astute management, multi-tasking skills, confidence, and willingness to collaborate. He particularly highlighted the importance of CQ, or cultural intelligence, in developing relationships and dealing with complex issues.



He stressed that to develop CQ, one needed to study, observe, reflect, experiment and experience. He invited the participants to check out two successful Kiwi examples in this regard, Architecture Van Brandenburg in Dunedin and Air NZ. The former won the bid and was commissioned to design the headquarters of the Chinese fashion label, Marisfrolg, in China's Shenzhen City, and the latter effectively incorporated Chinese culture in its promotion videos to introduce Chinese travellers to New Zealand and its culture.

Adding to the list of successful Kiwi businesses and substantiating Rod's discussion on "how to relate to others in a highly inter-dependent world", the following nine speakers told their personal stories in the three subsequent panel discussions. Speaking in the first group were:

David Boyle, Partner of The Talent Centre, a human resources consultancy based in Shanghai; **Jane Li**, General Manager of the "New Zealand Milk Bar" retail chain with more

than 50 stores across China; and **Mitchell Pham**, Director of the Augen Software Group and Chair of Augen's business operations in Asia. David Boyle first went to China with Lion Nathan in 1997 for the Australia/NZ beer brewer's entry into the biggest market in Asia. He then managed various Chinese and American manufacture companies in Shanghai until 2007, when he and his wife set up The Talent Centre in the same city to recruit, consult and coach middle- and senior-level Chinese executives. He also provided these services to NZ and American companies doing business in China.

Jane Li shipped her first container of dairy products to a milk bar in China in 2012. Then the DCD (dicyandiamide) scare happened in 2013, which left many Chinese consumers questioning the safety of NZ milk. Six months later, when The New Zealand Milk Bar just began to recover, there came the wide-scale recall of dairy products sold by NZ multinational dairy co-operative Fonterra because of suspected botulism-causing bacteria. Amidst these dairy sector crises, however, Jane and her team battled on. Not only were there more Milk Bars opened in China during the challenging times, but the flagship Kiwi chain was officially recognised by the Chinese food regulatory authorities in 2015. Jane expected this acknowledgement of excellence to help her effectuate her dream of opening 100 Milk Bars across China sometime soon.

Mitchell Pham came to New Zealand as a refugee in his early teens. After graduating from the University of Auckland, he set up his



IT company in 1993. Twelve years later, he expanded his operation to Vietnam, and in 2015 his Augen Software Group won Vietnam's prestigious IT Excellence Award. Mitchell explained that one important push factor for him to "go global" was that New Zealand's small population meant that both its market and talent pool were too small to scale up and deliver tech innovations. Meanwhile, the key pull factor that convinced him to invest in the ASEAN region were its across-the-board high GDP growth, golden demography, rising middle class, increasing urbanisation, growing consumerism, strong domestic and foreign direct investment, expanding private sector, increasing macro-economic and political stability, trade liberalisation, and large and fast-growing digital economies. He was particularly attracted to Vietnam because it was the largest digital economy in Southeast Asia, registering, for example, an average of 1.5 smartphones per person, and 20,000 people working in Quang Trung Software Park in Ho Chi Minh City.

When working on growing his business in Vietnam, Mitchell had also helped NZ Trade and Enterprise, Kiwi local government agencies, research institutions, ASEAN-NZ Business Council and other associations in the technology sector, to develop models for other NZ companies to leverage already-on-the-ASEAN-ground assets and capabilities in their efforts to enter Southeast Asian markets. He was happy to see the initial fruition of the effort: the official opening of Kiwi Connection in Ho Chi Minh City on 7 June 2016 by Minister of Economic Development Steven Joyce. Mitchell hoped that this NZ technology hub would create a space for the average Vietnamese to build high tech into their imagination of New Zealand, which was thus far typified by dairy products, tourism and English education. He also hoped that Kiwi Connection would help NZ primary industries and conservation groups to learn how their Vietnamese counterparts developed and exploited IT technology in similar lines of work. His ultimate goal was to develop a NZ-Vietnam silicon valley.



Impressed by the three panellists' entrepreneurial successes, the conference participants asked them to comment on opportunities for upcoming NZ university graduates in the NZ-Asia nexus. Instead of making a list, however, all the three speakers stressed the importance of cultural intelligence, Asian languages proficiency, perseverance, and resilience. In other words, opportunities would come to those who were ready for them. When asked what they would do differently if starting all over again, the panellists did not hesitate to say that they would devote more resources and attention, and at a much earlier stage, to putting together a bilingual and culturally attuned operation team on the ground. They would also broaden their market research to cover more subject areas, including local political landscapes.

The three speakers in the second panel were **Rhonda Kite**, CEO and Director of KIWA Middle East, **Scott Kington and Greig Brebner**, Co-Founders of Blunt Umbrellas, and

Chintaka Ranatunga, Managing Director of Global from Day One Fund II. They elaborated on opportunities for NZ entrepreneurs through their personal experiences. Speaking over skype from Abu Dhabi, Rhonda Kite told the audience that it was her fascination with technology and broadcasting that took her on her career path of audio post production, dubbing software development for broadcasting, and experiential electronic book creation. Likewise, it was her curiosity about other cultures and about doing business in an unfamiliar environment that brought her to where she was. She admitted that it was not easy for a woman to work in the Middle East. Yet she discovered and experienced cross-cultural synergies and their positive impact on people-to-people connections. That not only gave her comfort to "hang in there", but also encouraged her to keep working on technology solutions to the challenge of addressing diverse education needs and fulfilling everyone's "right to gain knowledge according to their language and learning abilities".

Having recently returned from Malaysia, where he was an invited speaker to address the 2016 DIGI Malaysia SME® Congress, Scott Kington conceded that he felt good being driven around, seeing himself in posters, and talking on the radio about THE umbrella. Yet it took him, and his two partners, years of trying and enduring multiple setbacks before they brought their product and the brand to the spotlight of Malaysia and more than 40 other countries in the world. Their Blunt journey began in 1999 when one of the three, Greig Brebner, was taking his OE (overseas experience) in London, where he was constantly frustrated with the poking and easily broken umbrellas he used in rainstorms. His wishing for a tough and “round edged” umbrella gave him the initial idea and design of “Blunt”. Years later, at a chance meeting back in New Zealand, he and Scott, who remembered similar experiences during his own OE in England, clicked over the potential of perfecting standard umbrellas sold on the market, and turning the project into a revenue-generating business. Yet while their science/engineering background enabled them to work out their ideal product relatively quickly, their aspiration to capture 1% of the 1.5 billion umbrellas sold worldwide annually began to materialise only in 2008, when they managed to get some private investors on board and revamped their strategy from marketing technology to building brand. Scott’s advice to the audience on building a brand was to challenge the normal, think differently, recognise the environment, be a solution, and be patient.

Chintaka Ranatunga is a first class honours MCom graduate from Auckland’s Business School. Since he was always interested in business start-up, he went to the Silicon Valley upon graduation, where he was greatly impressed with the scale of both the industry and the market. He then worked as a strategy consultant in New Zealand, Australia and Singapore. The corporate experience and cultural exposure became a springboard for him to begin his own seed and early-stage tech fund, Global from Day One Fund II. He noted that there were plentiful of potentially competitive, niche companies in New Zealand still under the radar; and he currently invested two million dollars in some of them. He pointed out that New Zealand’s per capita capital supply level was comparatively low, about ten dollars in 2015. He was therefore striving to grow his Fund’s seed capital to ten million dollars in the foreseeable future. Besides increasing financial support to early-stage Kiwi concepts and ventures, he also wanted to expand the Fund’s business portfolio to include more investments in Asia and the United States. From his observation, New Zealand companies often found Asian markets more challenging and involving more trials and errors than those of the US and Australia. Yet once a company made an entry to Asia, it would usually leverage on the highly competent, but still relatively cheap labour in tech sectors of the region. He concluded his talk by encouraging interested participants to start early “when your opportunity cost is still low” in terms of personal commitments.



But how would one made the decision on what product to make or invest in in the first place, asked the audience? The three speakers shared the general principles and approaches that they would go by. For example, they would not choose a high-priced product, especially at the initial stage of their businesses. Yet they would not go cheap, either, when it came to the product quality and usability. Drawing on the cradle-to-cradle design concept, they would also endeavour to eliminate waste, or negative impacts on the natural environment, by picking a product, when possible, whose production process would be “nutrients” for the next cycle of the same product, or add positive elements to it. Finally, they would try to tap Kiwi expatriate networks all over the world for advice on local markets and human resources supplies when making business decisions.

The last panel of the 2016 Asia Savvy conference was on innovative thinking for Asia. The three panellists were **Alex Reese**, Founder and CEO

of Cricket Live Foundation, **Vivian Fu**, Team Leader at Luxury & Fashion, DFS, and **Jonny Hendriksen**, CEO and Founder of Shuttlerock. Alex Reese believed that innovation should be defined as a process rather than a destination or an end product. His belief could indeed be illustrated by the origin and growth of his Cricket Live Foundation, which might be said to have begun when he joined a cricket club at the age of 10. For a long while after that, he aspired to one day compete for New Zealand in the sport. While that dream was not realised, he successfully merged in 2010 at Mumbai his love for cricket with another of his childhood visions, becoming a CEO. He shared with the audience how, in the Indian city, he grew from a “naïve” university graduate seeking adventurous and exotic cultural experiences into a person aspiring and feeling obligated to do something for children in slum areas in South Asia. Remembering the appeals of the local friends he made in Mumbai, he embarked on setting up a multi-functional cricket



foundation upon returning to New Zealand, which would give marginalised youngsters in South Asia opportunities to participate in sports, experience teamwork, improve English proficiency, gain self-confidence, and access free, nutritious food. He was happy to report that the Cricket Live Foundation launched its programmes in Sri Lanka in 2013, and had since offered 4-days-a-week activities to more than 300 children. Encouraged by the enthusiastic responses from the participants, he planned to expand the programmes to India in 2017. He summarised his “innovation process” into three “parallels”: (1) discover your pain point(s), find a solution and act; (2) identify your strengths, build on them and become an expert; and (3) practice winning, know what it feels like, and make it a habit.

Vivian Fu came to New Zealand from China as an exchange student, majoring in tourism and education. Contrary to her expectations, however, she found that she did not enjoy the

“same routine everyday” while working as an early childhood teacher after graduation. So she gave up her license as a certified teacher and enrolled in Auckland’s International Business as a Master’s student. At the same time, she was also hired by Barfoot & Thompson Rentals, and her main task was to persuade more Chinese owners to have her company managing their investment properties. To her surprise, she did well at the Rentals, and she attributed her good performance to her bi-lingual and bi-cultural skills. She then did an internship at the DFS Group as part of her Master’s studies. She focused her research at DFS on Chinese free independent travellers (FIT), in particular, their accommodation preferences and shopping behaviours. DFS was interested in her research findings and appointed her to be a Team Leader in the Group’s Luxury & Fashion sector. Ms Fu assured those coming from Asian countries that if they kept working on their English language proficiency and Kiwi savviness, they would be

able to realise their expectations of gaining work experiences in NZ companies.

Jonny Hendriksen had a fascination with Japan from an early age. He remembered that in the 1980s he was virtually the first Kiwi to study Japanese in his school. When he was 18, he could not wait any longer and took off for Japan. There, he found a job at the Sheraton Grande Tokyo Bay Hotel and enrolled in Keio University. In his final year of studies, he was hired by Canon, where he learned a great deal about the Japanese society and business culture. Working at Canon also gave him the idea and confidence to venture out on his own. Shortly afterwards, he and a business partner created the first Japanese rental server company, with a \$5,000 loan. Drawing on their knowledge of local culture and commercial practices, but not losing their Kiwi selves, they quickly got their business off the ground. That success enabled them to buy the rights to open in Japan a ValueClick, an American internet advertising company. In only a couple of years, they grew their online ad business, Japan's first, into an ad network and listed it on the Tokyo Stock Exchange, another first in Japan, namely, the first company listed by foreigners. One important lesson Jonny drew from his 21-year business experience in Japan was that it was crucial to "adapt", but "not to become". Following this "rule", he and his company had been able to attract many talented Japanese. He told the audience that since he moved back to New Zealand in 2011, he had been working hard to build his Shuttlerock, a social media crowd marketing platform, into another global

company. Believing that evolution meant embracing constant changes, being passionate and patient, running as fast as one could, and having some fun, he had built an enthusiastic and happy team in the company. Together, they won the 2016 Facebook Innovation Spotlight award in the creative category.

The stories of Alex Reese and Mr Jonny Hendriksen made some in the audience wonder aloud if people of European backgrounds in general had greater advantage in doing business in Asia. The two speakers answered that some Kiwis might indeed find it easier to do business in Japan or any other Asian countries than in America or Australia. Yet that was often because it was so different that one wanted and had to try harder. They quickly added, however, that there were many, if not more, successful Asian companies operating in other countries of the region. They maintained that if one had a good understanding of the local culture and could bring innovative ideas to the table, people would pay attention. They admitted that the greatest challenge was learning the language of the people they dealt with in Asia. Yet the most rewarding experience was also to work and make friends with the locals, particularly at the community level.

In the workshop that concluded the conference, the participants were invited to share what they had learned from the speakers. Arising from the roundtable group discussions was the consensus that the successful stories presented by the speakers could be boiled down to "vision", "insights", "initiative", "leadership",



“resilience”, “resourcefulness”, “action focused”, “problem solving”, “persistence”, “to be true to oneself”, “people skills”, “team work”, “cultural competence”, “ability to communicate with locals”, “market and products”, “opportunities and challenges”. A specific message the participants got from the speeches was that a key asset to the New Zealand brand was promoting our clean, green environment. Another important asset for Kiwis to market themselves in Asia was their multi-tasking skills acquired in small business settings that featured much of New Zealand corporate landscape. Yet what impressed the participants the most was the time-proven saying that “knowledge is power”, that is, the more a Kiwi entrepreneur

knew about an Asian locale, the better the person’s chances would be to accomplish his/her business or other ambitions there.

During the conference, suggestions were collected from the participants on reducing the carbon foot prints of Asia Savvy. The top three most recommended actions were: car-pooling through which the participants might also get to know one another better, using reusable plates instead of napkins for lunch, and highlighting the topic of environment to inspire those visiting the Asia Savvy website. The Organising Committee appreciated the suggestions and promised to consider them.

Student discussions and recommendations

Workshop 1:

What are the opportunities and challenges for New Zealand entrepreneurs entering Asian markets?

In the workshop discussions, opportunities for New Zealand entrepreneurs included taking advantage of the close proximity of many Asian countries to New Zealand, particularly beneficial with the recent rise of fast-growing, emerging markets such as Cambodia, Indonesia and Vietnam. New Zealand entrepreneurs can capitalise on New Zealand's positive image particularly as a producer of food in a clean green environment using sustainable practices. Another important asset for Kiwis to market themselves in Asia was their multi-tasking skills acquired in small business settings that featured much of New Zealand corporate landscape. There is also opportunity for New Zealand entrepreneurs to tap into the fast-growing IT industry space. Challenges for New Zealand entrepreneurs included the need to prioritise understanding

language and cultural differences in doing business in Asia and adapting behaviours accordingly; and acknowledging there is no one way to do business in Asia – business needs to be adapted from country to country. Other challenges for businesses included difficulties for NZ entrepreneurs to get access to capital for growth; the smallness of NZ limiting opportunities for networking; complications accounting for different regulations and political systems; and unpredictability of international economic turbulence.

What impressed the participants the most was the time-proven saying that “knowledge is power”, that is, the more a Kiwi entrepreneur knew about an Asian locale, the better the person's chances would be to accomplish his/her business or other ambitions there.





Workshop 2:

What qualities go into making a successful entrepreneur?

Entrepreneurs need to make small commitments to limit their risk while they learn about customers, competitors and collaborators. Success requires reflection on the experiences gained; the ability to change course if nothing new can be learned; and never forgetting what the personal reasons were for setting up the business in the first place. The students deliberated on what they thought were the essential qualities that go into making a successful entrepreneur after hearing from the range of stories presented by the speakers. Listed below are a selection of the qualities identified:

- adaptability
- authenticity
- can-do attitude
- charisma
- cultural intelligence
- global perspective
- informed risk-taking
- innovation
- inter-personal skills
- insightfulness
- passion
- resilience
- vision





Student essays

Can New Zealand entrepreneurs capitalise on their strengths for success in Asia?

Ben Pearman, the University of Auckland

New Zealand entrepreneurs can most definitely capitalise on their strengths for success in Asia. Among our country's many strengths are our trade agreements, our agricultural expertise, and our country's large Asian population.

One key strength for New Zealand is its wide range of Free Trade Agreements (FTAs) with Asian nations. From the NZ-Australia-ASEAN to the NZ-China FTAs, New Zealand has copious trade opportunities with Asian nations. This is set only to grow with the development of the Trans-Pacific Partnership Agreement and the Regional Comprehensive Economic Partnership FTAs. It is clear that large companies with economies of scale, such as Fonterra and Zespri, are well placed to take advantage of these. Even so, the small size of entrepreneurial ventures, combined with the presence of FTAs, lets them manoeuvre more easily across the changing marketplaces in Asia.

A second key strength for New Zealand entrepreneurs is our strong agricultural sector. For example, the Waikato agricultural show Field

Days attracted business leaders from across Southeast Asia. One visitor commented that some of our country's agricultural innovations "have a lot of potential to bloom in Myanmar", with another visitor suggesting the areas of precision technology, monitoring technology, and irrigation. With the insight of Asian business partners like these, New Zealand entrepreneurs could succeed in identifying business opportunities, and bringing their country's expertise in agriculture to Asia.

A third strength for New Zealand entrepreneurs is the country's large Asian population. From Asian students educated in New Zealand, to immigrants with business experience in Asia, we have many citizens with a deep understanding of various Asian cultures. Entrepreneurs could draw on this knowledge to better succeed across Asia, and work through the nuances of Asian business practices and communication. All together, these strengths show a bright future for New Zealand entrepreneurs in Asia.

Do you think the prevalence of western brands in Asia will change?

Joshua Alach, the University of Auckland

If there is one constant in business, it is change. Nowhere is this more apparent than in Asia. Economic development has manifested itself in the popularity of Western luxury brands, particularly amongst the region's nouveau riche. Nevertheless, it would be foolish to ignore the difficulties which technology companies and other 'day-to-day' services and goods have had in penetrating some Asian marketplaces. In recognition of the distinct cultural and historical contexts of the region, I will focus on the future of Western brand visibility in the People's Republic of China, due to the difficulty inherent in covering the entire region thoroughly in three hundred words.

Whilst still an export-driven economy, the maturation of Chinese markets and consumer behaviours has resulted in the equalisation of Western and Chinese brand power parity. According to the BrandZ measurement of brand equity, the advantage experienced by Western brands simply for being Western is evaporating. They report that in 2010, multinational companies scored 115 on their brand power matrix, whilst Chinese brands scored 89. In 2016, both multinationals and Chinese brands scored

100, which is average, and suggests Chinese brands are now viewed more positively than in the past, whilst an inverse trend affects Western brands.

This trend can partially be explained by the increasing competitiveness of Chinese companies. Four of the tech brands appearing in BrandZ's China Top 100 Brands list derived a major portion of their revenue from overseas marketplaces: Huawei; Lenovo; smartphone manufacturer ZTE; and internet portal Tencent. The astronomical success of Tencent, China's most valuable brand, can almost certainly be attributed in large part difficulties hampering Google's expansion to China. Disputes between Google and the Chinese government over privacy measures and other issues have created a certain degree of nationalist rallying around Chinese technology providers. Chinese consumers are therefore increasingly 'buying Chinese', at the expense of foreign products, which will likely have a negative short-to-medium term impact on Western brand performance in China. The days of endless demand for Western products in China are undoubtedly nearing their end.

Can New Zealand entrepreneurs capitalise on their strengths for success in Asia?

Demi Chang, the University of Auckland

Few countries possess the strengths New Zealand has: a clean natural environment, cultural diversity, a well-rounded educational system and a community bounded by trust. The unique environmental and cultural capitals of New Zealand are assets for Kiwi entrepreneurs to succeed in Asia. New Zealand's clean natural environment is world-renowned and an advantage for Kiwi entrepreneurs. A study commissioned by Greenpeace in 2013 found that 50% of New Zealand's jobs and 70% of exports rely on New Zealand's clean and green reputation (Argent and Boxer, 2013). The clean environment in New Zealand enables the growth of food and produce that are favourable to people in Asia, where pollution and destruction of the natural environment are common.

New Zealand also has the advantage of global perspectives and connections as Kiwis represent cultures from all over the world. Kiwi entrepreneurs are skilled in working in culturally diverse teams. The experience and connections in Asia and internationally are strengths for entrepreneurial success. In addition, New Zealand's educational system enables the development of creativity and intercultural teamwork compared to the educational

paradigms of many Asian countries, where the focus is often on examinations rather than a more well-rounded educational experience. The creativity and freedom of thought that arises from New Zealand's educational environment is a strength for New Zealand entrepreneurs.

New Zealand upholds values of integrity and trust. These values are fundamental to business success and help Kiwi entrepreneurs gain the trust of people in Asia and offer high quality service. New Zealand also has an ecosystem of less regimented organisational cultures, enabling a culture of openness, innovation and opportunities. The environmental and cultural landscapes of New Zealand pave the way for Kiwi entrepreneurs to add value and capitalize on their strengths in Asia. New Zealand can enhance these strengths by upholding its clean and green reputation as well as strengthening cultural infrastructures of education, international connections and innovation. Reference: Argent, N. & Boxer, S. (2013). *The Future is Here: New Jobs, New Prosperity and a New Clean Economy*. Retrieved from: <http://www.greenpeace.org>

Do Asian businesses have an advantage in innovation?

Marie Poff, the University of Auckland

Competition from Asia has boomed in recent years, as China and India emerge as leading economic powers. The move beyond low labour costs and into leading innovation, including innovative management and leadership, has created an advantage that Western countries are hard-pressed to follow. Cheap products were a cornerstone of the Asian market, for example fakes from China. However Harvard Dean Nitin Nohria states this 'reverse innovation', i.e. taking an existing product and delivering it at a much lower cost, shouldn't be overlooked. This price innovation is the result of a high quality of management and leadership in emerging countries, and is a distinct competitive advantage. An example is the remarkable economic rise of South Korea; from being one of the poorest countries to the world's 13th largest economy in 2014 (World Bank). Innovation and technology has remained key in this growth, with the 2016 Bloomberg Innovation Index ranked South Korea as the world's most innovative economy.

This has included both value-added manufacturing and innovation in tertiary efficiency, i.e. the concentration of STEM graduates. This is being recognised by all of Asia; even China has begun moving away from its low value production towards higher value added production. Many Asian countries are drastically increasing their spending on R&D so as to maintain the high level of innovation currently driving their growth. According to OECD statistics, South Korea spent 4.29 percent of its GDP on R&D in 2014, followed by Israel (at 4.11 percent), and Japan (3.58 percent). R&D and innovation are key to global sales; many Asian companies such as Samsung and LG have realised and used innovation and cutting edge technology to become market leaders, effectively growing their economies.

Can NZ entrepreneurs capitalise on their strengths for success in Asia?

Henry Huang, the University of Auckland

The enterprise culture is alive and well in New Zealand, and our country has one of the highest levels of entrepreneurs in the world - about one in seven adults. This culture may be credited to New Zealanders' invaluable entrepreneurial spirit and can-do attitude. Our gung-ho mentality, I believe, is the biggest strength of our nation's entrepreneurs. Our boldness and willingness to take risk may provide us an alternative means to navigate the uncertainties of a foreign environment. One good example of this is Gung-Ho pizza, founded by Jade Gray and John O'Loughlin, using a bright pink colour for their business, representing their desire to not just stand out from the crowd, but to stand apart from it.

In addition, we are also well known for our green image. This is one key strength which I believe Kiwi entrepreneurs should leverage when conducting business in Asia, particularly in China where environmental pollution is a great concern. This is another way Kiwi entrepreneurs can stand out in Asia.

Last but not least, Kiwis also place a great focus on people. Our friendliness and laid-back culture may serve as a differentiator in Asia where business services are mainly transaction-based. Capitalising on our strengths of building personal relationships with customers, Kiwi entrepreneurs may succeed in Asia through the creation of a personal customer base. Although these strengths we have are invaluable, they are mainly embedded in our culture. Kiwi entrepreneurs may also be lacking in their business capabilities such as the development of business strategies. Numerous government-based support and education programmes have been established in New Zealand to build our capabilities. As we continue to learn and develop ourselves, and hold on to our unique culture strengths, I believe Kiwi entrepreneurs would have a decent chance of success in Asia.

Do you think the prevalence of western brands in Asia will change?

Audie Aurelia, the University of Auckland

For a long time, Asian consumers have been the highest-spending market for luxury brands from Europe. Walking down Queen Street, it is easy to see that for high-end brands like Chanel and Louis Vuitton, a majority of their customer base are Asian. However, the prevalence of these western brands in Asia may soon be declining, as Asian consumers start preferring brands from closer to home. Over the past few years, thanks to the 'hallyu wave', South Korea has become known in Asia as a trendsetter for fashion and beauty. Everywhere in Asia, South Korean cosmetics brands such as Etude House and The Face Shop are at the forefront of the beauty industry, with consumers wanting to emulate the kind of image they see on South Korean celebrities.

Although western brands such as Maybelline are still popular in Asia, consumers are preferring local brands as they cater more towards the Asian demographic – for example, a lot of

their makeup are formulated to moisturise as a lot of East Asians have dry skin types. Traditional European luxury brands such as Prada and Bottega Veneta are suffering from plunging sales due to price increases and overexposure. As Asia increasingly prospers, these brands which were once seen as exclusive are now more accessible which leads to some consumers experiencing brand fatigue and searching for original brands that will make them stand out. This leads them to brands such as Ms Min and Comme Moi from China, which are growing rapidly as consumers appreciate their unique style. Overall, the prevalence of western brands in Asia may indeed die down as Asian consumers lean towards local brands that cater to their needs, meet their preferences and carry a unique style.

Can NZ entrepreneurs capitalise on their strengths for success in Asia?

Vivien Lei, the University of Auckland

The economies of Asian countries are growing at incredible rates, with China and India expected to be the two biggest economies in the world by 2050. As such, it seems natural that we gravitate towards this promising region.

New Zealand entrepreneurs are famous for their innovative ideas that compete with some of the finest on the world stage. Despite being a small country, we have repeatedly created innovations that are world class. There seems no better place to debut these innovations than a rapidly growing region like Asia.

Young New Zealanders are also increasingly gaining an entrepreneurial mind-set from a young age. They are being exposed to ideation and learning about persistence and validation in our high schools and universities. This means that they are being primed early on with the transferable skills they need for entrepreneurship.

Furthermore, New Zealand has a culture of approachability. In a country where everyone is

two degrees of separation apart, we are trusting and friendly to all that approach us. This is one of my favourite parts of starting a business in New Zealand. It is invaluable for entrepreneurs to be able to draw on their network or call people in relevant industries in order to get a true view of the problems on the ground. Having grown up amidst this, New Zealanders are fearless about asking people questions and going after what they think is right. This enables entrepreneurs to have an edge, even in new environments.

In conclusion, New Zealand entrepreneurs truly have something unique to offer that could catapult them to success in Asia. With an entrepreneurial spirit fostered from a young age, ingenious ideas and fearless persistence, New Zealanders have a unique outlook that allows them to see different opportunities in Asia and to put their dreams into action.

Do you think the prevalence of western brands in Asia will change?

Lauren Kim, the University of Auckland

Western brands had been dominating Asia for a long time. However, it seems that Asian brands are now taking over the Asian market which can lead to a prediction of a decrease in the prevalence of Western brands in Asia. A reason why Asian brands are starting to overthrow Western brands power in Asia is that they have managed to attract Asian consumers by establishing unique Asian identity and style that are different from Western brands.

Amore Pacific is an Asian cosmetic company massively growing in popularity all over the Asia. It stressed the image of 'Asia made' by producing products using Asian botanical ingredients such as green tea, red ginseng extract or bamboo. Such strategy has contributed to its success significantly as Asian consumers believe that consuming their local products is an act of showing patriotism and a way of empowering Asia. Therefore, the Asian market is expected to demand more Asian branded products than Western brands. Another reason is that Asian brands are quicker in responding to the Asian markets trends and demands. Kim, the first developer of Gucci Korea explains that Asian brands have been successful in supplying products and services that are specially tailored

for Asian consumers, for example, making smaller clothing sizes for Asian women's petite body shape. Also, Asian brands were better at responding to the demands of 'trending in Asia' products, such as men's beauty or K- culture, whereas Western brands are still a step behind in this.

To conclude, with such competitive advantages, Asian brands are now outweighing Western brands in Asia. Hence the prevalence of Western brands in Asia is likely to decline. However, such phenomenon may also be spotted globally soon. The emergence of Asian brand is certainly disturbing the global market which had been traditionally led by Western brands. Indeed, Western brands and Asian brands are already fiercely competing with each other, for instance, Apple vs Samsung, Amazon vs Aliexpress, and Hyundai, Toyota vs Ford and Volkswagen. There are many more Asian brands that are rapidly emerging as the electronic technology company e.g. Xiaomi. Moreover, even Western buyers are definitely showing interest in Asian brands and high-fashion industries have already acknowledged the power of Asian designer brands. Reflecting from this, I believe that this might be a warning sign for all Western brands.

Do you think the prevalence of western brands in Asia will change?

Benjamin Ho, Auckland University of Technology

A brand can be defined as an intangible marketing asset belonging to an organisation. No, the prevalence of western brands in Asia will not change at this point in time. There are four main reasons as to why western brands are prevalent.

Firstly these brands have existed in Asia for many years. Asian consumers have tried a lot of western branded products. They know what works and what does not work for them. Western branded products that are suitable, are accepted rapidly due to the collective culture of Asian markets. After many years of using such western branded products, Asian consumers trust the products as a result.

Secondly western brands have a halo effect on Asian markets, making them attractive to Asian market. The popularity of Hollywood movies in Asia also has an impact on western brands. As a result, western branded products are perceived as 'cool', stylish, sophisticated and technologically advanced.

Thirdly western branded products are well 'packaged'. An example of a well packaged product is the Apple iPhone. Apple did not

only package its products as technologically advanced products but also as lifestyle products. Another example is Nike. Celebrity endorsements were used to brand Nike products so effectively that Nike can charge a premium. Such premium pricing conveys a sense of status. As a result many Asian consumers buy Nike products. Packaging of western branded products during product and price promotions also creates brand awareness and brand recall. Thus, a lot of Asian consumers buy these products and they become prevalent.

Lastly Asian brands are not overtaking western brands yet. An example of a Non-western brand could be Samsung. Even though it has overtaken Apple as the number one brand in Asia in 2016, not all Asian brands are as strong as Samsung. In conclusion, trust in western brands, halo effect, 'packaging' and weak Asian branding helps western brands stay prevalent for years to come.

Do you think the prevalence of western brands in Asia will change?

Woo Jae (Brett), the University of Auckland

Yes, I do believe the prevalence of western brands in Asia will change. Currently and in the past, western brands has always had connotations of luxury, quality and craftsmanship, be they cars, cosmetics or clothes. However first world countries, predominantly in East Asia such as South Korea and Japan, have begun to challenge this notion with their own domestic brands. In South Korea, there are companies like Samsung and LG, leaders in electronics giving Apple a run for their money. In Japan, there are car manufacturers which have begun to build supercars like the Nissan GT that performs and is held on the same level as some Western car brands.

However, does this mean the prevalence of western brands in Asia will wane? No. I believe one thing that newer brands cannot have on a western brand is heritage. And I believe it is this factor that will be the decider between

equally good western and non-western branded products. Sure, Nissan may make a car that is just as good as a Ferrari, but to those who can afford either car, a Ferrari will always carry with it its history and heritage that a Nissan could never have. The change I believe that will take place, will be up to a certain point, western and non-western branded products may have equal value in the consumer's eyes. But in the upper echelons, western brands will hold the top spot for the foreseeable future.

The New Zealand Asia Institute (NZAI)

The New Zealand Asia Institute (NZAI) was established in May 1995 as part of The University of Auckland’s strategic plan for internationalisation. The decision to set up the Institute was a response to the growing importance of Asia to New Zealand politically, economically and culturally. It signified an evolving recognition of the need for an organization able to reach across academic boundaries within the University and relate this national resource to policy-making and the wider community in New Zealand.

As a university-wide initiative, NZAI has core objectives including:

- Strengthening interdisciplinary and inter-faculty cooperation in order to ensure interested students in all academic fields have access to Asia-related courses;
- Maximizing the University’s location in New Zealand’s largest city with its many commercial links to Asia;
- Brokering the University’s Asian expertise in policy advice and case-study analyses to Government departments and the private sector;
- Building a core of specialists on New Zealand-Asia issues and to provide a forum for informed and forward-looking discussions on what is happening in Asia and its implications for New Zealand;
- Involving the increasing Asian population both in the University and the city.

NZAI’s current positioning in The Business School was of strategic importance as it added to the Institute’s policy focus with a complementary applied business dimension. It also allowed NZAI to enrich and enhance its research portfolio with more programmatic projects, which will better engage targeted groups in the public. As a result, the Institute is better enabled to serve as a focal point for the development of multidisciplinary activities that will involve research teams and postgraduate students.

Continuing the support for Asia-Savvy fits with NZAI’s overall mission to “Develop graduates, knowledge and ideas that enhance New Zealand’s understanding of, and ability to engage productively with, Asia.” Through bringing together and engaging increased numbers of Asia-savvy students, businesses and other leaders with interests in Asia in this student-led conference, NZAI is helped to create and sustain a platform for engagement with Asia.



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