

# Berries and Chinese Culture

Jaume Ribera

e-business Center PwC&IESE

12/07/07



RIM (Research In Motion) has obtained authorization from the powers that be in China to sell its BlackBerry devices in the Asian country. It was a long process: RIM registered the product in China back in 1999 and, working side by side with its local partner, China Mobile, has needed several years to get it done. The company claims it already has more than 5,000 preorders and is considering manufacturing the phone in China, possibly in conjunction with a government deal.

Nonetheless, it should be said that the market RIM is getting into has already been tapped into. The Chinese already have the RedBerry, a similar product with a fitting name for a country that still considers itself red, despite having one of the world's most buoyant market economies. The deal may also limit the possibility of a hypothetical "Berry" war being started and of RIM suing its competitor for copying its product or trade name.

Logically, when choosing between the BlackBerry—with its tried-and-true software and service—and its red equivalent, the foreign multinationals operating in China favor the former, so as to maintain uniformity with the gadgets used by their subsidiaries in other countries. Chinese customers may end up being pulled in opposite directions: either going down the patriotic path—i.e., purchasing the local product and saving money—or going international and buying a more expensive foreign product which they can then use to show off their buying power.

In any case, both devices use the QWERTY keyboard for data input, which is perfect for languages with a limited alphabet, but not for Chinese, which uses ideograms as opposed to letters. There is, of course, a way to type Chinese characters on a conventional keyboard: they are converted into pinyin, a form of writing Chinese characters exactly as they are produced using the Latin alphabet. This is what people have to do in order

to use a PC in China. So, my name in Chinese is 任杰明. To write it, I have to type "ren" "jie" "ming" and then for each of these words look at the screen—out of the tens or hundreds of characters that match the same pinyin transcription—select the one I'm referring to.

Conversely, the PDAs manufactured by Motorola and other providers allow character recognition for Chinese (somewhat similar to Palm's Graffiti software), and the user can input Chinese characters by tapping the screen with the stylus. The vast majority of the pocket PCs used in China employ this formula, which fits in much better with a culture that has been transforming calligraphy into art for centuries on end.

## Highlights

**1** RIM has 9.2 million subscribers, most of them in the US and the UK, and sold 2.4 million units last quarter, double the number from last year during the same period.

**2** Up to now, BlackBerry owners have been able to use their devices in China thanks to the roaming agreement with national carrier China Mobile.

**3** In April of this year, China Unicom tried to fill the void existing in the market with the RedBerry, a device offering similar features to those of RIM's BlackBerry.

China is an immense and growing market, and there may well be room for everyone. In fact, taking just 20% of the market translates into the sale of several million units. Nonetheless, this recent example involving BlackBerry shows the extent to which political and cultural peculiarities can end up being decisive. RIM's strategy for breaking into the Chinese market has been quite different from the one used in other countries, where no manufacturer would have dared put out an alternative to the BlackBerry such as that launched by the makers of the RedBerry.