

Executive Summary

China is the largest potential market in the world. The determination and eagerness of China to join world Trade Organization is a measure of its desire to enter the 21st century. China has a population of 1.2 billion, and will become a part of the global economy.

As the Chinese people's living standard increases and its economic develops, the Chinese manufacturing industry is also upgrading rapidly. China has become a manufacturing center for the world. Manufacturing industry needs be equipped with automation equipment that includes pneumatic products. There is a huge market for these products in the near future in China.

As a result, competitor rivalry is becoming more intense. The question to be answered is, 'How did Festo who is a leader in Europe and America in Pneumatics product field penetrates the China markets'? How did Festo gain market share? How did Festo survive and grow? What's the future of Festo in China? All of these issues will be discussed.

Festo have come to China ten years ago. In the

beginning, Festo had great difficulties in finding a partner and surviving. After a few years of struggling, Festo gained some market share and developed a market position in China. This is a successful case of foreign firm in China. It is a good example to those foreign firms who are intent on entering the Chinese market.