

TRANSCRIPT Episode 1 – Matias Otero Johansson

Jonathan Bench: Welcome to Lawbalization. Today, I'm joined by Matias Otero Johansson, founder of Sihai Business Consultancy and a freelance writer based in Shenzhen, China. Matias, I'm so happy that you're here with me today. Thank you for making the time.

Matias Otero Johansson: Hi, Jonathan. I'm happy to be here too, and grateful for your invitation. We haven't talked in a while, and I feel like we have a lot to catch up on. Shall I introduce myself?

Jonathan Bench: Please do. Let everyone know who you are and what you're up to.

Matias Otero Johansson: My name is Matias Otero Johansson. I come from a diverse background—I'm a dual national of Chile and Sweden, with both Latin American and Northern European heritage. And because that wasn't exciting enough, I also moved to China to do business, learn the language, and broaden my horizons. My major was in economic development and politics, which partly led me here, even though there are limits to what one can do in that field. I'm now based in Shenzhen and run a business consultancy.

Jonathan Bench: That's amazing. How did you first become interested in China?

Matias Otero Johansson: It goes back to 2018. I was studying Mandarin in college while finishing my degree. When you've studied economics for years, China is always on your radar—the population, the economic growth. Logic dictates that China will only become more important over time. I figured that if I was going to get to know another country deeply, it had to be China. In the West, we still know relatively little about it. The Chinese know themselves, but my impression was that we didn't really understand them well.

Jonathan Bench: I'm looking forward to hearing your perspective. Let's start with your multilingual, multicultural background. How has that shaped your approach to storytelling in international business? For me—and probably for you—the story matters. The background matters: why people are doing what they're doing, from high levels of government down to individual businesspeople. How has your multicultural perspective helped you tell stories in ways that resonate and teach what needs to be taught?

Matias Otero Johansson: It's not something you consciously set out to develop. When you grow up with a multicultural background, you have to figure out who you are, where you stand, and what your viewpoint is. The advantage I have is being able to stand slightly outside of China, the U.S., and even Europe. I grew up for many years in a developing country, which gives me one perspective. But I also studied in Europe, which gave me a developed-country viewpoint as well. I'm somewhere in between, able to bridge both North

and South. That helps me speak to people from all over the world without taking sides or assuming one viewpoint is automatically correct.

Jonathan Bench: That's great. I want to hear more about your journey into China, because while many people have been leaning away from China, you and I have been leaning into it. Why is that? Why did you choose to go back to China when the expat community has been so hollowed out?

Matias Otero Johansson: I didn't go to China for the money. It wasn't the highest-paying option—I went because it was the most interesting. When Covid hit and the lockdowns started, a lot of foreigners in China realized, "Oh, the police can do that—they can lock you in your home." All the special privileges of being a foreigner disappeared overnight. For many, that was a deal breaker. I knew people who left because they feared being separated from their children during quarantine. For me, growing up in a developing country and studying how the Chinese system works meant I understood what I was getting into. I accepted that there are things here that wouldn't happen back home.

Jonathan Bench: Yes, exactly. When you study China, you understand that being on the ground means accepting certain trade-offs. You're one of the few who stayed in China through all of this. How has the business community changed post-Covid? Are things trending upward or downward?

Matias Otero Johansson: Post-Covid, there are far fewer foreign visitors overall. You see more tourists now with the new visa policies, but the expat business community that existed before Covid has been decimated. It's slowly rebuilding, but it's a different group. Many of the "Old China hands" decided they'd had enough and left. Still, China remains the second or third largest economy in the world, with a massive population. There's good reason to do business here—if you know where you stand.

Jonathan Bench: With the expat community reduced, you're one of a small group who have stuck it out. How do you see your role in helping companies that want to stay in China for the long haul?

Matias Otero Johansson: With many experienced people gone, there's demand to be met and opportunities to seize. Chinese companies have adapted to operating without foreigners. During Covid, it was almost impossible to bring people in. Now it's just harder. Many companies are using AI translation and ChatGPT for copywriting. The issue is, without native speakers, there's no one to verify accuracy. Increasingly, hiring foreigners in China requires at least basic Mandarin. The era when you could arrive and always have a translator is coming to an end.

Jonathan Bench: That’s fascinating. Let’s talk branding. For companies entering China, there’s a balance between staying true to their brand identity and meeting local expectations. How do you help companies navigate that?

Matias Otero Johansson: Foreign companies can take two approaches. One is to remain wholly foreign—sell into China as an imported product or service. Luxury brands like Louis Vuitton use this model, relying on their heritage and perceived quality. The other approach is to localize—become a Chinese company or create a Chinese version of the brand. That’s far more complex, requiring significant investment and local hires. Your company in China will not be the same as back home.

We’ve seen foreign companies struggle here—Carrefour, for example, lost out to local competitors like Hema. Starbucks is facing challenges from cheaper, better coffee chains. You can’t just assume the market is “developing” and easy to conquer. You need a real competitive edge.

Jonathan Bench: That’s a great point. I’m also curious about the social media landscape in China. How is it different from the West, and what do foreign companies need to understand?

Matias Otero Johansson: China’s digital ecosystem leapfrogged much of what we have in the West. When internet adoption exploded, smartphones were already common. So companies focused on mobile apps instead of websites. Most sales happen through app-based, audiovisual platforms like Douyin, Little Red Book, or company-built apps. Reading Chinese characters takes effort, even for native speakers, so people prefer audiovisual content.

Jonathan Bench: I remember in the early 2000s, China skipped a lot of steps in building its digital infrastructure, going straight to wireless. It’s interesting to see that same leapfrogging in other sectors.

Matias Otero Johansson: Exactly. You see it now with EVs. China couldn’t match Western internal combustion engines, so it skipped ahead to electric vehicles. The attitude toward technology here is also different. In the West, we worry about the downsides—*Black Mirror*, *Terminator*—but in China, technology is seen as a way to improve life and regain great-power status. Even older generations adopt new apps quickly if they’re useful.

Jonathan Bench: Let’s pivot to AI. How are Chinese consumers responding to AI-generated content, and what does that mean for brand authenticity?

Matias Otero Johansson: The Western idea of “authenticity” isn’t as important here. Filters, enhancements—these are normal. AI content is seen as another step forward.

While in the West people complain about “AI slop,” in China it’s often appreciated for its practicality and efficiency. Model agencies, for example, may lose business because AI is cheaper and “good enough” for many uses.

Jonathan Bench: Do people worry about AI replacing jobs?

Matias Otero Johansson: People are concerned about jobs in general, but AI is seen as necessary progress. Like factory automation, it’s part of staying competitive. China is all about winning the race.

Jonathan Bench: I’ve always been fascinated by China’s hyper-competitive environment. Growing up in the U.S., I assumed hard work was enough to succeed. But in countries with huge populations, like China and India, competition starts from day one. Seeing that firsthand changes your perspective.

Matias Otero Johansson: Yes, and that’s part of why I returned to China even after the initial optimism faded. I didn’t want to be someone commenting on China without being here. There’s a temptation to play to negative narratives because they’re more popular, but being on the ground helps you stay in touch with reality—even when it’s more nuanced.

Jonathan Bench: Let’s close with this: What are you seeing in China that others aren’t? What would you tell someone who’s only heard negative news about China for the last decade?

Matias Otero Johansson: I like a quote from former Premier Li Keqiang: “The Yellow River and the Yangtze River cannot flow backwards.” He meant that national development can’t be reversed. Chinese people have better lives, more information, and more choices than before. That progress can’t just stop without consequences. While we can’t predict exactly where China is headed, the long arc of history is more important than the daily headlines. Keep an ear to the ground and stay open-minded.

Jonathan Bench: That’s a great perspective. Thank you for making the time today.

Matias Otero Johansson: Always happy to talk to someone interested in China.