The primary reason, it is often argued, that China is an important market for many large U.S. companies is that its population has doubled since the early 1960s.   But the whole picture is actually more complex than that. ChinaÃ¢â‚¬â„¢s real appeal to American corporations is that the huge population growth has been coupled with a sharp expansion of the middle class. As a result, the Chinese market probably will become more important to consumer goods and technology companies in the next few decades than the U.S. is today.

ChinaÃ¢â‚¬â„¢s population in 1960 was 667 million; more than double that of the United States in 2010. China now has 1.34 billion residents. The increase would not matter much to companies if the population was still largely rural and poor, as it was half a century ago. But, in fact, the manufacturing industry that has become the engine of ChinaÃ¢â‚¬â„¢s GDP growth also has rapidly built a huge middle class, one made up primarily of factory workers. And this middle class continues to grow. The United Nations Population Division and Goldman Sachs predict China will have 1.4 billion middle-class consumers by 2030, compared to a forecast of 365 million in the U.S. The stakes for American companies in China are rising.

24/7 Wall St.: Worst product flops of 2011

The most important consumer target markets for companies in China largely mirror those in the U.S. American companies find themselves competing with foreign multinationals for these sales.

Retailers, led by American companies like Wal-Mart, have begun to open thousands of locations across China. Much of the competition for the retail market there comes from corporations based outside America, particularly FranceÃ¢â‚¬â„¢s Carrefour. The situation in the athletic gear market is similar. Nike has a strong sales base in China, but so does GermanyÃ¢â‚¬â„¢s Adidas. Li Ning, a Chinese company, is the second largest market share in terms of sales. General Motors is the leader in the Chinese light truck and car market. Volkswagen sells nearly as many vehicles as GM. Several large local car companies are owned and operated, in part, by Chinese government-controlled entities.

American companies that need strong sales in China to maintain their positions as global leaders will face challenges unique to the PeopleÃ¢â‚¬â„¢s Republic. The level of piracy of Western goods is remarkably high. Microsoft estimates four-fifths of Windows OS software in

China is pirated (msnbc.com is a joint venture of Microsoft and NBC Universal). Apple iPhone knockoffs are widely available as well. American corporations will have to fight the problem, but accept that it cannot be entirely conquered, or, in some cases, even significantly reduced. Even manufacturers like Boeing and GM have to contend with the fact that their Chinese partners may Ã¢â,¬Å“borrowÃ¢â,¬Â some of their expertise and patent-protected knowledge.

24/7 Wall St. has identified the American companies that have done the best job of tapping into this growing market. We reviewed AmericaÃ¢â,¬â„¢s most iconic, top-selling brands at home and abroad that reflect a cross-section of the economy. We then selected 10 companies with the largest market share in China by industry and product category to identify the most popular American brands with the most to gain Ã¢â,¬â€ and the most to lose.

1. KFC

Market share: 40 percent (Yum! Brands)

Industry: fast food

Competition: McDonaldÃ¢â,¬â„¢s

KFC has become a sensation in China. Since the first restaurant opened in Beijing in 1987, the chain has grown to more than 3,200 locations in 650 cities, according to Bloomberg. McDonaldÃ¢â,¬â„¢s, the second most prominent fast food chain, operates 1,100 locations. McDonaldÃ¢â,¬â„¢s commands only 16 percent of market share, while Yum! Brands, which owns KFC, has 40 percent. KFC is so hugely popular that the company plans to increase its number of restaurants in China to 20,000. China accounted for 29 percent of Yum! BrandsÃ¢â,¬â„¢ measured-media ad spending and 36 percent of its worldwide revenue in 2010, according to Ad Age . While McDonaldÃ¢â,¬â„¢s restaurants in China have an almost identical menu to those in the U.S., KFC offers local patrons a number of more familiar dishes, such as Chinese-style porridge for breakfast.

24/7 Wall St.: Best- and worst-run states in America

2. General Motors

Market share: 12.8 percent

Industry: automotive

Competition: BYD, Toyota

General Motors passed Toyota Motor in the first half of 2011 to become the largest automaker in the world. It is also the top-selling brand in China. GMÃ¢â‚¬â„¢s presence in the country is still expanding. In the first half of 2010, the company sold more vehicles in China than in the U.S. for the first time ever. At that time, China accounted for a quarter of the companyÃ¢â‚¬â„¢s global sales, according to the New York Times . Since 2000, the companyÃ¢â‚¬â„¢s market share in China has grown from 3.4 percent to 12.8 percent. Last year GM sold more than 104,000 LaCrosses, one of its most popular models in China. GM operates in China through joint ventures with a number of Chinese companies, such as SAIC Motor.

3. Microsoft

Market share: 99.3 percent

Industry: PC operating systems

Competition: N/A

Microsoft dominates the PC operating systems market in China. According to web analytics company Baidu Tongji, the company has about 99.31 percent of market share. AppleÃ¢â‚¬â„¢s Mac OS and Linux have virtually no representation. Due to rampant piracy, however, Microsoft makes only a fraction of the revenue it would make if everyone in China bought software directly from the company. Nearly 80 percent of PC software is pirated in China. According to Microsoft CEO Steve Ballmer, the companyÃ¢â‚¬â„¢s revenue in China will only be about 5 percent of what it is in the U.S., despite almost equal sales of personal computers in the two countries, the Wall Street Journal reports.

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