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LOCALIZED PROJECT MARKETING OF GLOBAL SYSTEM  
SUPPLIERS IN THE CHINESE MARKET

Master's thesis

Examiner: professor Miia Martinsuo  
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## **ABSTRACT**

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This thesis is a research into the project marketing of large global system suppliers in the international and Chinese online channels. The focus is in determining the key differences between their international and localized online marketing strategies. The research also seeks to answer how and to what extent the companies utilize social media, content marketing, and other online resources outside their core websites. There are three main research questions: What kind of special requirements does the Chinese market impose for the system suppliers' branding efforts? How do the system suppliers utilize the digital marketing channels? How are the system suppliers communicating their brand in local and global marketing channels?

This thesis is a document-based study analyzing the public marketing material of 30 global system suppliers that have been present in the Chinese market for at least five years. Roughly one third of the companies being researched are of European origin, one third are American and one third are Japanese. The first phase of the research was an extensive literature review into project marketing literature. Based on the findings from the literature, an empirical research was conducted. By using both qualitative and quantitative methods and an extensive amount of research material, the validity and reliability of the study was ensured.

The findings show that the usage of Chinese social media in project marketing is an extremely new phenomenon. However, most of the largest actors on the project business consider social media marketing as being worth the resources spent. The companies employing a social media strategy usually had a substantial amount of material available. There are strategic choices made when it comes to determining the online marketing strategy of a company. In the international channels, the framework built in this thesis identified four distinct strategic orientations. These were content and community orientation, brand promotion orientation, solution and reference orientation and website orientation. The findings also revealed that the European and American companies are utilizing the online channels much more extensively than the Japanese companies.

In their marketing localization, the companies have to take into account the challenges and problems posed by the Chinese market. Most of the issues are solvable by brand promotion oriented marketing approach to improve the visibility of the company brand in the Chinese market, displaying commitment by emphasizing domestic customer references and working together with the local companies to bypass the market restrictions and to gain access to their infrastructure and networks.

# TIIVISTELMÄ

TAMPEREEN TEKNILLINEN YLIOPISTO

Tuotantotalouden koulutusohjelma

**HAUTAMÄKI, JYRI:** Kansainvälisten järjestelmätoimittajien lokalisoitu projektimarkkinointi Kiinassa

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Tämä diplomityö tutki suurten järjestelmätoimittajien projektimarkkinointia kansainvälisissä ja kiinalaisissa online-markkinointikanavissa. Pääasiallisena tavoitteena oli löytää vastaus siihen, kuinka laajasti yritykset hyödyntävät erilaisia markkinointikanavia oman verkkosivujensa ulkopuolella ja miten sisältömarkkinointia voi hyödyntää projektiliiketoiminnassa. Tutkimus etsii yleistämiskelpoisia periaatteita siitä, kuinka yritykset muokkaavat markkinointiaan Kiinan kohdemarkkinoille sopivaksi. Tutkimuksen kolme pääasiallista tutkimuskysymystä olivat: Millaisia erikoisvaatimuksia kiinalainen markkinaympäristö asettaa yrityksille? Kuinka yritykset hyödyntävät digitaalisia markkinointikanavia? Miten yritykset edistävät brändiään käyttäen kansainvälisiä ja kiinalaisia markkinointikanavia?

Diplomityö oli dokumenttipohjainen sekundaaridataan perustuva tutkimus, jossa analysoitiin kolmenkymmenen kansainvälisen järjestelmätoimittajan markkinointimateriaalia kansainvälisissä ja kiinalaisissa online-markkinointikanavissa. Kohdeyritysten alkupe-  
rämaat jakaantuvat suunnilleen tasan eurooppalaisiin, yhdysvaltalaisiin ja japanilaisiin yrityksiin. Ennen empiiristä tutkimusosiota tehtiin projektimarkkinointiteorian kirjallisuuskatsaus, jonka löydöksiä myöhemmin seuraava markkinointimateriaalin tutkimus hyödynsi. Tutkimuksen korkea validiteetti ja reliabiliteetti pyrittiin varmistamaan Käytämällä sekä kvalitatiivista että kvantitatiivista analyysiä ja vertaamalla löydöksiä aikaisempaan tutkimukseen.

Löydökset osoittivat, että vaikka sosiaalisen median käyttö projektimarkkinoinnissa onkin uusi ilmiö, monet markkinoiden suurimmista toimijoista hyödyntävät sitä sekä kansainvälisillä että kiinalaisilla markkinoilla. Projektiliiketoimintayrityksillä on paljon valinnanvaraa, millaista online-markkinointistrategiaa ne haluavat käyttää. Tutkimuksen löytöjen pohjalta rakennetussa viitekehyksessä korostui neljä tyypillistä strategiaa: yhteisö- ja sisältömarkkinointikeskeinen strategia, brändinedistämiskeskeinen strategia, tarjooma- ja referenssikeskeinen strategia ja kotisivukeskeinen strategia. Tutkimuksessa havaittiin myös, että amerikkalaiset ja eurooppalaiset yritykset ovat paljon japanilaisia yrityksiä pidemmällä sosiaalisen median markkinointipotentiaalın hyödyntämisessä.

Lokalisoidussa markkinointiviestinnässään yritykset ottivat huomioon kiinan markkinaympäristön asettavat haasteet ja ongelmat. Brändinedistämisen painottaminen, paikallisten asiakasreferenssien käyttö ja yhteistyö paikallisten toimijoiden kanssa nähtiin keskeisinä keinoina lisätä bränditietoisuutta ja ohittaa paikallisten markkinoiden rajoitteita luoden samalla tärkeitä verkostoja ja infrastruktuuria, jotka nähtiin Kiinan markkinoilla menestymisen edellytyksinä.

## **PREFACE**

I was lucky to have a chance to choose a particularly interesting topic for my thesis research. One of the reasons for choosing Chinese market in particular was for me to be able to incorporate my Chinese studies into my thesis writing process. The field of project marketing also seemed new and interesting to me in relation to my previous studies. Quite early in the process I noticed that in terms of analyzing the Chinese marketing material, the complexity of language and terms in the project marketing business would prove to be a particularly difficult challenge for me. I decided to follow through the process anyway, but at some points during the dark and snowless winter I was wondering why I always have to make things so difficult for myself.

In the end I managed to push through the problems. I started noticing patterns in the material and started being familiar with the specialized Chinese vocabulary used in the marketing items. At this point my data collection and analysis speed truly picked up. All in all I'm happy to have chosen such a challenging topic and surely learned a lot about myself, project marketing, scientific research and Chinese language in the process.

I wish to thank Miia Martinsuo for excellent advice in shaping the topic and the research questions, for providing tips for making the research more relevant and for enabling me to receive a scholarship for my thesis efforts from the Foundation of Yrjö and Senja Koivunen.

Finally, I wish to thank my mother for always supporting my studies and believing that I can go forward and achieve whatever I set my mind on. This thesis is the pinnacle of a long journey started years ago and definitely serves as a major landmark and a point of division between two important and distinctly different phases of my life. It's time to move forward.

Tampere, 22.2.2014

Jyri Hautamäki

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## LIST OF ABBREVIATIONS

B2B	Business-to-Business, describes business transactions between companies.
B2C	Business-to-Consumer, describes transactions between companies and consumers.
CRM	Customer relations management.
DMU	Decision-making unit.
Guanxi	关系, the dynamic in personalized networks of influence that are a central idea in Chinese society. Common English translations are “connections” or “relationships”, but neither sufficiently expresses the cultural implications of guanxi.
IMC	Integrated Marketing Communications
IOR	Inter-organizational relationship.

# 1 INTRODUCTION

## 1.1 Background and motivation

The system supplier industry is a form of project business where the projects are often long and extensive, usually covering a combination of products, services and know-how. The main features of project business are seen to be the uniqueness of individual projects, the complexity of the project offerings, the discontinuity of demand, the complex and discontinuous nature of business relationships and networks, and the considerable financial commitment required of the parties (Mandják & Veres, 1998; Tikkanen et al., 1998; Cova et al., 2002). These features make it especially important for the supplier to be able to affect the decision-making process of the customer and steer them towards more favorable solutions from the supplier's perspective. In general, the earlier the supplier can participate in the process of forming the final solution the better.

However, during the last few years, the business-to-business marketing paradigm has been rapidly changing. Due to the radically changed buyer behavior, the balance of power in the sales negotiations has been shifted. Before, during the era solution sales, the seller held the advantage of vastly superior knowledge of the needs of the customer and of the solution itself (Adamson et al., 2012). The result was that the supplier was contacted relatively early in the negotiations and was able to have a significant influence on what kind of solution the customer actually ended up buying. Today, the rapid development of networks has made it easier for the buyers to do their own research and come to the negotiation table armed with deep insight into their own needs and possible solutions (Adamson et al., 2012). Therefore the role of the supplier is more or less reduced to only offering the price quote.

From the supplier's perspective this kind of arrangement is obviously not satisfactory, for in order to optimize their own performance they need to be able to influence the specifications system the customer wants to buy and participate in the decision-making process. Two ways have been devised to reach this goal. The first option is the so-called insight selling, where in order to tip the scales in the negotiations, the supplier offers profound insight into the customer's process and is able to discover needs or problems that the customer did not think about (Kärkkäinen et al., 2001). However this is getting harder and harder since the purchasing departments are getting bigger, having access to ever increasing amount of information, and gaining more knowledge. The second option is called inbound marketing or content marketing, where the supplier produces relevant and high-quality content without the immediate purpose of selling their



solutions. This content is mostly produced in form of blogs and informative internet pages but social media is also used to increasing extent (Reid, 2013).

Lately, the role of the content marketing has become particularly important, since from marketing management perspective the post-financial-crisis period has been very challenging. During the crisis, most of the companies were facing lack of resources and cut from the marketing expenditures first, leading to an emphasis on cheaper forms of marketing, mainly the internet and social media (Daj & Chirca, 2009; Gherman, 2011). However, according to Chlebišová et al. (2011) this may not have limited the effectiveness of marketing efforts much since internet is currently the only marketing channel available able to serve as a means of communication with the customers during every phase of the marketing and sales process. Furthermore, because of the changes customer behavior described by Adamson et al. (2012) the effectiveness of online marketing is further enhanced.

Despite the difficult macroeconomic conditions in the western world, the economy of China has continued to grow by double-digit rates, becoming an increasingly important market for international companies. The rapidly rising consumer incomes, increased spending, and increasingly open business environment serve to create opportunities for growth for all kinds of companies (Hedley, 2010). A growing number of international companies have begun to see not only the opportunities to reduce production costs, but also the rapidly increasing domestic demand for capital investment products. China still remains a communist country at least on paper. However during the last few decades, the economic system has become extremely market oriented (Trotter & Wang, 2012).

Up until recently, marketing has been seen of little importance in China because of the rigid way of conducting business almost solely through the guanxi-networks with little heed for marketing efforts of western companies (Wang & Song, 2011; Zhao & Wang, 2011; Kwock et al., 2013). At its most basic level, guanxi refers to a network of informal interpersonal relationships and exchanges of favors established for the purpose of conducting business (Lovett et al., 1999). In Chinese market, the inter-organizational relationships or IOR:s are the result of a complex interplay between individual-level guanxi and organizational networks (Zhang & Zhang, 2006). The guanxi networks may provide shortcuts and additional options on organizational level unavailable to those lacking certain connections.

However, the Chinese marketing paradigm is also changing. While most of the Chinese companies not actively engaged in business-to-customer markets still consider marketing a waste of money, many of them have begun to see the internet as a viable means to find new potential suppliers (Martinsons, 2008). This is particularly advantageous for western companies for they usually have superior internet presence compared to their Chinese counterparts (Li et al., 2009). The Chinese tend to be very skeptical towards

online marketing because the outdated advertising laws in China have been unable to keep up with the fast technological development. As a result, it is common to find misinformation and flat out frauds in the midst of proper advertising (Wang & Sun, 2010). This skepticism is generally mostly directed towards domestic companies and their marketing, being one of the key reasons why the online marketing efforts of western companies seem to be quite effective in China despite the negative prejudice.

In order to remain competitive on local scale, the international companies have to be able to localize their marketing communications to the target market in order to reach the potential customers. The way to do this differs regionally for there are big differences in the maturity in the regional markets and the companies will need to pay attention to the cultural aspects of B2B marketing. In the context of China, the local brands are enjoying an established market position, optimized supply chain and pervading *guanxi* connections (Gao et al., 2006). A brand in this kind of context can be seen to include two main categories of advantages, referred to as core advantages and local advantages (Child & Tse, 2001). The core advantages refer to the traditional qualities of a competitive brand such as superior quality, innovativeness and pricing, while the local advantages indicate the ability to adapt and meet the unique needs of a local market in order to gain market share (Child & Tse, 2001). When comparing global and local brands it can be expected that global brands have superior core advantages, but they will still need to bridge the gap between the markets to be able to truly penetrate the local market.

Scientific research into project marketing in China remains in a quite infantile stage and most of the published research concerns consumer customer behavior. Academic marketing research papers are currently limited in both topics and numbers. The existing marketing research papers are characterized as having broad a scope, but limited depth. Additionally, most of the research has documented in Chinese, and thus has not been published in English journals. However, as more and more companies have discovered the domestic market potential in China, the demand for localized marketing research has far outstripped the supply. (Trotter & Wang, 2012) This research will be well placed to explicate some of the means that large companies use to promote their brand in local and global context.

This thesis will be a research towards the marketing localization efforts of 30 large international automation vendors on Chinese market. The extensive literary review will shed light on how modern project marketing theory addresses the differences in the marketing environment in the fully developed western information societies and China and will be used as a basis for the empirical research. The research itself will be conducted by using the marketing material publicly available on the internet produced by the researched companies. The emphasis will be finding out any general trends or

tendencies in communication of brand, customer value and corporate responsibility in global and localized marketing material.

The goal of this research is to analyze the marketing material of the companies to provide a framework of online strategies utilized by the target companies and to use that framework to determine the differences between the international and localized marketing strategies. The study aims to provide results that can also be utilized by smaller companies in the project business industry as a reference of how they should approach localized project marketing in Chinese market, which aspects of the Chinese market should be taken into consideration when designing localized marketing and how to manage their digital marketing channels in China. All the companies included in the study have had significant and prolonged presence in the Chinese market and can therefore be considered as viable sources of information of effective localized project marketing.

## 1.2 Research questions

The research will be divided into three main research questions:

1. *What kind of special requirements does the Chinese market impose for the system suppliers' branding efforts?*
2. *How are the system suppliers communicating their brand in local and global marketing channels?*
  - a) What are the key differences between localized and global marketing material?
  - b) Is there any distinction between how American, European and Japanese companies approach marketing localization in China?
3. *How do the system suppliers utilize the online marketing channels?*
  - a) How strongly are the companies present in Chinese social media?
  - b) To what extent are the companies engaging in content marketing in China?

The research questions have been set up as to fulfill the goals of the research and provide relevant information about the Chinese market and requirements and challenges it imposes for foreign companies. The research into the marketing material will not only reveal which aspects of their offering the companies are emphasizing, but will also show how they are using the different marketing channels and which channels they are deeming important.

The first question seeks to find out what kind of special requirements the Chinese market environment imposes for the supplier's branding efforts. The fact that the project business in China is still quite heavily based on *guanxi* imposes special challenges for the branding efforts of international companies trying to establish a market position. Even if the effects of *guanxi* have been fading as the country has opened up, it remains a significant factor. The underlying philosophy of *guanxi* has been omnipresent in both the economic and social lives of the Chinese people for centuries (Zhang & Zhang, 2006). Also, the local market protectionism in China creates market entry difficulties for the foreign companies (Hoskisson et al., 2000). The protectionism of local market makes it more difficult for foreign companies and brands to achieve economies of scale and scope, thus it produces greater local advantages for the local brands (Gao et al., 2006). Furthermore, protecting company IP-rights in Chinese market can be extremely tricky and losing trade secrets and competitive advantage is very common. Careful attention has to be paid when choosing Chinese business partners and special interest taken to the wording in the contracts (Liu et al., 2008). It is all too easy for a prolific business venture to turn into a desperate fight for clients after a few deals, when other companies have discovered one's trade secrets.

The second question is about the differences of the global and local marketing material of the target companies. It also includes a geographical comparison to see if there is any noticeable difference in the marketing localization efforts of western and Japanese companies in the Chinese market. It has been proposed that the Japanese companies generally understand the business environment in China somewhat better than their western counterparts, despite the negative image of their country in China (Buckley & Horn, 2009; Horn, 2009).

The third research question is a study into the degree of presence the target companies have in the Chinese social media and to what extent they are participating in content marketing. Social media is still highly regulated in modern China, thus the marketing material available in most of the widely used global social media will not reach the majority of the Chinese (Crampton, 2011). Two of the most popular social media sites in China are Weibo and Renren, roughly corresponding Twitter and Facebook, although Weibo contains a lot of Facebook-like features. It is possible for Chinese to bypass the government firewalls but because there is no reliable data into how many actually do, for the purpose of this research we will assume that the global social media only reaches Hong Kong and Taiwanese parts of China.

### 1.3 Research approach

The target companies will be 30 international system suppliers operating mainly in project business. The companies included in the research are depicted in Table 1.1. The table shows the companies in the order of corporate revenues of the fiscal year 2012. These are total revenues from the annual reports of each company, even if the whole revenue does not come from automation sales.

*Table 1.1. Companies included in the research*

Company	Headquarters	Revenue (Billion USD)	Founded	Entry in China
General Electric	U.S.	147.36	1892	1908
Siemens	Germany	105.80	1847	1904
Hitachi	Japan	98.18	1910	1965
Toshiba	Japan	63.02	1875	1972
ABB	Switzerland	39.34	1883	1974
Honeywell Process Solutions	U.S.	37.67	1906	1935
Mitsubishi Electric	Japan	36.93	1921	1978
Emerson Process Management	U.S.	24.22	1890	1992
Schneider Electric	France	23.95	1836	1987
Danaher Industrial Technologies	U.S.	18.30	1969	1984
Metso Automation	Finland	10.14	1750	1933
Fuji Electric	Japan	9.37	1923	1965
Bosch Rexroth	Germany	8.71	1795	1978
Cameron Valves & Measurement	U.S.	8.50	1833	2006
Omron	Japan	6.28	1933	1970
Rockwell Automation	U.S.	6.00	1973	1988
FANUC	Japan	5.47	1972	2002
Flowserve	U.S.	4.75	1790	2007
FMC	U.S.	4.12	1884	1994
Invensys	UK	4.06	1924	1980
Yokogawa Electric	Japan	3.52	1915	2005
IMI Plc	UK	3.50	1862	1996
Ametek	U.S.	3.33	1930	1997
Endress+Hauser	Switzerland	2.29	1953	1990
Azbil	Japan	2.22	1906	1995
Phoenix Contact	Germany	2.15	1923	1993
Spectris	UK	1.97	1915	1980
National Instruments	U.S.	1.04	1976	1997
Weidmüller	Germany	0.84	1850	2001
MKS Instruments	U.S.	0.82	1961	2003

For the year of entry into Chinese market, first permanent office or first order requiring significant and prolonged presence in China was considered. The researched companies were chosen to represent a diverse sample of large international system suppliers with significant operations in China. Some of the chosen companies have been involved with the Chinese market for over a hundred years and some have entered the market only just over 5 years ago. The companies to be included were chosen using the following criteria:

- (1) large and established multinational system suppliers with annual turnover of more than 0.5 billion USD
- (2) permanent and prolonged presence in China for at least 5 years
- (3) the company is a supplier of capital equipment involving high purchasing risk and extensive cooperation with the customers
- (4) wide regional distribution of company origins
- (5) the company has sufficient internet presence and produces marketing material in Chinese for the Chinese market

The origins of companies are depicted in Table 1.2. Even if all of the included companies are large international ones, the corporate roots may still affect the ways of doing business and marketing in a company. This regional categorization will be used throughout the thesis to describe the origins of a company for this kind of simplified division enables a relevant and useful comparison of companies of different origins. Even if no notable differences are found, the wide regional distribution serves to provide a more diverse sample and increase the reliability of the study.

**Table 1.2.** *Regional distribution of companies included*

Region	No. of companies	Percentage
Europe	11	36,7 %
U.S.	11	36,7 %
Japan	8	26,7 %

The thesis will be a document-based study using the marketing data of the target companies to answer the research questions. The study will be an explanatory research, seeking to establish causal relationships between variables with an emphasis on studying the diverse online marketing strategies the companies are employing and how they are localized in the Chinese context.

The research consist will of an inductive and a deductive step. The first step will be an inductive analysis of the research data, by the means of which a codebook of recurring and relevant themes will be created. The second step is a deductive step that is composed of an analysis of the online marketing items according to the codebook and creation of an online marketing strategy framework. This framework will then be used as a basis for the localization strategy analysis and answering the research questions. An analysis of the established research will also be incorporated to the study as a literary review.

## 1.4 Scope and structure of the research

The first part of this thesis will be a literature review into the established project marketing literature. The literature based on the research done in international markets is then compared to research conducted in Chinese market to see what kind of special requirements the Chinese context imposes for foreign companies. The findings from the literature review will then be used as a basis for the main research that will be a quantitative and qualitative analysis of the public marketing items released by the target companies on international and Chinese marketing channels. The focus will be on the occurrence of certain themes in different marketing channels and the utilization of the channels themselves. The research itself will consist of two steps. The first step will be an inductive analysis of the online marketing material, seeking to build a categorization and framework for further analysis. The second step will be a deductive analysis of the data according to the codebook defined in the previous step. Through the analysis, a framework of online strategies will be built and the framework will be used to determine the differences between the international and localized online marketing of the target companies.

The scope of the localization research will be limited to marketing efforts aimed at Chinese markets by the target companies. The companies' localized marketing material will be compared to their international marketing material to find out the differences between the online marketing strategies. The companies themselves have divided their marketing items into global and local categories so the same division will also be used in this thesis in order to enable meaningful comparison of the items.

The temporal scope of the marketing materials examined will be those published in 2013. The research will be limited to the material available online either in the company websites or in the various social media websites. The materials will have to be directly related to either the company brand or their offering in the context of project business industry. Materials published by third parties will be excluded for they cannot be included in the companies' deliberate marketing efforts.

## **2 THEORETICAL FOUNDATION**

### **2.1 Project business**

#### **2.1.1 Definition and features**

Cova et al. (2002) defined a project as a complex transaction covering a package of products, services and work, specifically designed to create capital assets that produce benefits for a buyer over an extended period of time. This definition is also ideal for this research since all the companies included are first and foremost system suppliers and by defining project in this manner, it is possible to define the system supplier industry as a project-based industry, featuring projects of various degrees of uniqueness (Cova et al., 2002; Cova & Salle, 2007). For the purposes of this thesis it is reasonable that most of the literature about project-based business and solution supplying is used interchangeably.

A typical project in project business features a complete system that may include equipment, components and services. Cova et al. (2002) proposed four distinct types of projects. Subcontracting projects are projects where the main contractor is not in a position to fulfill the whole contract himself and subcontracts parts of it to other companies. Partial projects feature different suppliers independently marketing and supplying parts of the project to the buyer directly. Package deals offer a complete solution to the buyer's problem, including the complete system, equipment, components and related know-how (Ghauri, 1983; Cova et al., 2002). Turnkey projects expand the scope of a normal package project by involving a delivery of a complete factory or institution with the main contractor being responsible for the whole project including marketing, negotiations and setup (Cova et al., 2002). Some project types are very demanding for the supplier and they need to have a profound understanding of the customer's process and needs in order to successfully implement the project. The supplier's role and the customer's strategy are also strongly interdependent and the business relationship can only function properly if the supplier's aimed role fits the customer's pursued strategy (Helander & Möller, 2007).

The main features of project business are identified by various authors to be the uniqueness of individual projects, the complexity of the project offerings, the discontinuity of demand, the complex and discontinuous nature of business relationships and networks, and the considerable financial commitment required of the parties (Mandják & Veres, 1998; Cova et al., 2002). In other words, project business is characterized by a high de-



gree of complexity of both the delivered solutions and the production process (Hadjikhani, 1996; Cova et al., 2002). Many project-based industries are further characterized by a high heterogeneity of customer needs, requiring the supplier to design and deliver unique solutions according to the specific requirements of each client. (Ahola et al, 2013). These characteristics serve to make project industry a very demanding line of business, particularly from the supplier's perspective. The supplier often needs to not only know the needs of the customer better than the customers themselves, but also has to be able to convince the customer to commit their resources into the project.

### **2.1.2 Inter-organizational relationships**

A project has been traditionally evaluated according to how well time, budget and specifications triad was met. The current literature on project business – however – places more emphasis on customer satisfaction as the most important success parameter (Kupakuwana & Berg, 2005). The necessity of satisfying customer needs as well as possible along with the high degree of financial commitment required from the companies serve to create a need for reliable and functional inter-organizational relationships (Miller et al., 1995; Ahola et al., 2013). Due to the nature of the project-based industries, it is mandatory in most cases for the companies to complement their own capabilities with resources controlled by other companies (Miller et al., 1995). Therefore figuring out efficient and pragmatic ways to manage inter-organizational relationships (IOR:s) is of great importance and is often one of the most important factors in determining which companies succeed.

How the project-based companies establish and maintain relationships with other firms has been a subject of several studies. Cova & Salle (2000) and Borghini et al. (2006) emphasize rituals, events, routines and social interaction as key factors in facilitating repeated transactions and a stronger relationship between the companies. Aaltonen & Sivonen (2009) discuss different types of strategies used by solution sellers to respond to the changing demands of the companies in their network and Kadefors (2004) emphasizes the necessity of economic incentives in the contracts and monitoring of the parties that are in a position to hinder the development of long-term IOR:s. All in all the modern IOR literature seems to be placing a greater emphasis on the actual personal interactions between the employees of different companies than on the other less personalized means of communication.

A recent case study on a large Finnish system supplier in Russian oil and gas markets by Ahola et al. (2013) lent further support for the claims of Cova & Salle (2000) and Borghini et al. (2006) that participating in different types of events and seminars are essential in developing IOR:s for project business companies, especially in the early stages of the relationship. However, Ahola et al. (2013) also demonstrated that after the initial delivery, the primary method of developing the relationship is through recurring

business transactions. Therefore it is highly advisable to capitalize on existing business relationships since maintaining a relationship consumes much less time and resources than forging new ones.

### **2.1.3 The role of customer references**

Utilizing the customer references is a principal part of marketing practice in the project business industry, yet it is often taken for granted and the process of using written reference material in the bidding process remains largely uncharted until recently (Salminen & Möller, 2004). Hooley et al. (1998) consider customer references as a part of customer-based assets accumulated through building and maintaining customer relations and can produce competitive edge if leveraged properly. From the customer's perspective, a systematic utilization of customer references in the bidding process requires particular attention involves several complex decisions:

- Should the references be used or not?
- In which phase of the bidding process to use what kind of information?
- If several reference sources are available, which one to use?
- Can the reference information be used confidentially?

Salminen & Möller (2004) state in order to answer these questions, the companies need to consider their strategy and goals carefully before making any decisions about utilizing reference information. The reliability of the customer references should also be checked, along with to what extent the potential supplier has worked with the reference companies and what were the results. In their later research Salminen & Möller (2006) specified that in order to reduce uncertainty and build trust many suppliers provide reference visits for the buyers' executives to enable them to visit reference sites with the supplier's representative. Similar practices were also described in-depth by Ford (1998) in the context of other industries.

From the supplier's perspective, however, the only thing they need to do is to make sure that the relevant reference information is available when the customer needs it and remains consistent across the channels (Jalkala & Salminen, 2010). Because of the high customer risk typical for project industries, gaining loyal customers and valuable references has become the driver of many industrial companies' marketing efforts. Nowadays, companies selling complex and extensive solutions need a solid repertoire of references to increase their credibility as suppliers in order to win bids for even larger projects (Salminen & Möller, 2006; Veres, 2009). Veres (2009) further suggests that the risk of services is usually perceived to be higher than that of tangible products and for this reason the supplier needs to establish itself as a competent long-term partner candidate in order to attract more customers.

Jalkala & Salminen (2010) identified two different intertwined levels of customer reference marketing: the relationship level and the delivery level. The supplier uses their relationship with the reference customers as a marketing advantage by displaying their names as references. The supplier gains benefits from being associated with a prestigious reference customer and the customer gains free publicity. A research by Walter et al. (2001) revealed that relationships with large and prominent customers have a particularly high reference value for the supplier.

The second level, called the delivery level, according to Jalkala & Salminen (2010) depicts the fact that a single established customer relationship may cause several important deliveries of individual projects or solutions, which further add to the value of the reference. These kinds of value-creation activities are extremely important in the system supplier market since the performance of a company is often evaluated through reference projects or delivered customer solutions (Jalkala & Salminen, 2010).

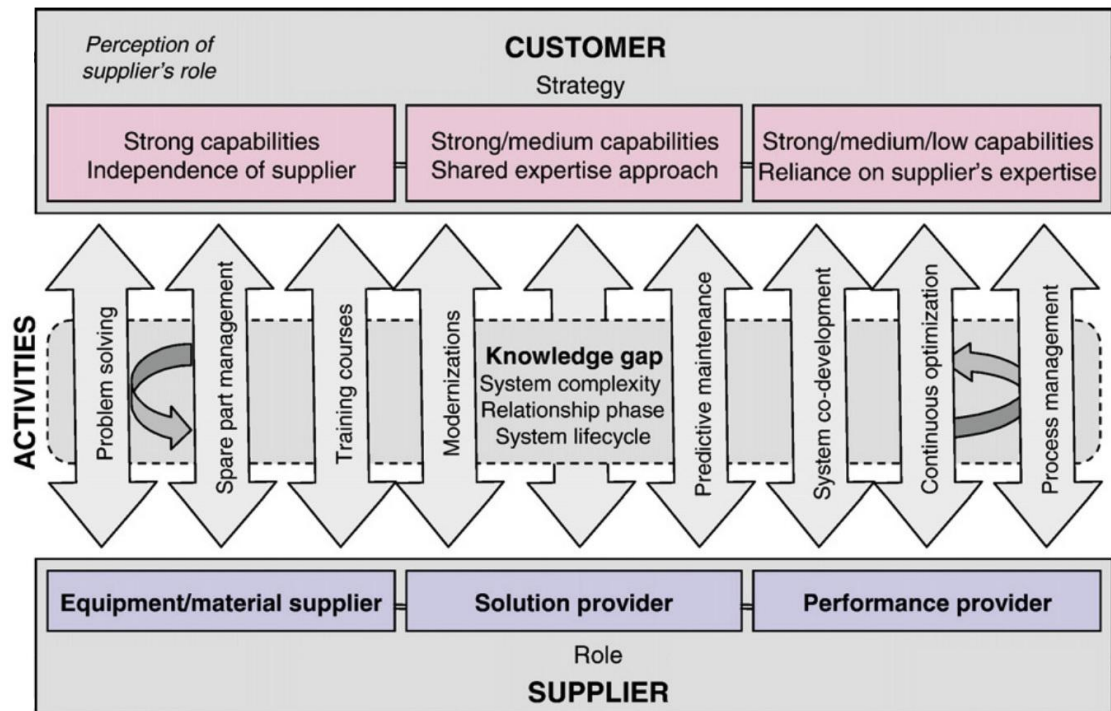
All in all, from the supplier's perspective, the reference marketing can be used to gain status-improving effects from prestigious customers, to signal an established market position, to demonstrate offerings and to provide evidence of experience and prior performance. The references can therefore be used as a promotional tool for building credible value propositions and demonstrating competency in successful project implementations. (Jalkala & Salminen, 2010)

#### **2.1.4 System suppliers' customer strategies**

Due to the nature of project-based industry, it is essential for the supplier to choose their customer strategy carefully. By interviewing 25 key account managers on 18 large companies, Richard & Jones (2009) found that most of the managers considered the overall profitability of a customer strongly related to the quality of the relationship between the supplier and the customer. Furthermore their research revealed that one of the most important aspects of a customer strategy is good communication. The company has to communicate well and often to ensure that there are no surprises in either direction and that the relationship can be developed properly (Richard & Jones, 2009).

According to Helander & Möller (2007), the system suppliers' customer strategies can be roughly categorized into three different approaches: Equipment/material manufacturer, solution provider, and performance provider. Helander & Möller (2007) interviewed 50 key managers in both supplier and customer companies and provided a framework model of the supplier roles based on the interviews as depicted in Figure 2.1. Equipment/material supplier focuses in selected products providing only services that support the equipment with an aim to become a global leader in a certain product segment. This role is the least demanding for the supplier since the customer usually has strong system

capabilities of their own and only seeks to collaborate with the supplier in limited extent (Helander & Möller, 2008). Solution providers on the other hand expand the role of the supplier by integrating more services and components according to customer needs (Davies et al., 2007). According to Helander & Möller (2008), the most demanding supplier role – however – is performance provider. Filling the role includes managing the customer’s technical operations and optimizing their long-term system performance, requiring a deep knowledge of the customer’s core competencies and processes (Buse et al., 2001).



*Figure 2.1. System suppliers' customer strategies. (Adapted from Helander & Möller, 2007)*

Helander & Möller (2007) further proposes that the supplier’s role and the customer’s strategy are strongly interdependent and the business relationship can only function properly if the supplier’s aimed role fits the customer’s pursued strategy. In their framework, as depicted in figure 2.1, Helander & Möller (2007) are proposing three different supplier strategies the customer can take: independence of supplier, shared expertise with supplier, and reliance on supplier’s expertise. From supplier’s perspective, it is essential to identify which kind of supplier strategy the potential customers are pursuing in order to decide which customers to target and how to negotiate.

The way to build a successful customer strategy involves a combination aligning the customer strategy with the overall corporate strategy and proper customer relations management (CRM), the most important CRM being inter-organizational communication (Cova et al., 2002; Helander & Möller, 2007; Richard & Jones, 2009). Without proper management and holistic approach it would be very difficult for larger companies to create coherent and efficient strategy. The sales and marketing departments

should not be treated as separate divisions but should be included in the organizational decision-making on a larger scale for they usually have a superior understanding of the customer needs and market.

## **2.2 Project marketing**

### **2.2.1 Solution selling**

The roots of project marketing can be traced back to the 1970s when the concept was first introduced (Mattsson, 1973; Hanan et al., 1978). The idea of selling and marketing integrated solutions has been a central value creation concept in many project-based companies ever since (Cova & Salle, 2007). The project marketing theory also has also long since concentrated on marketing and selling solutions (Cova et al., 2002). Consultative selling can be seen as an extension to the traditional solution selling. In consultative selling the supplier seeks to build and understanding of the customer's business and processes in order to discover needs which might have not been considered by the customer earlier (Hanan, 1995).

Günther & Bonaccorsi (1996) state that the principal characteristics of project marketing can be directly derived from the characteristics of the project business. Both the customer and the supplier have their respective departments and processes for purchasing and selling in place, meaning that the transaction time will often be very long and the sales negotiations extensive. Furthermore there is a very high degree of uncertainty for both companies due to the limited amount and quality of the information available and the degree of control they have on the required resources and events. According to Cova et al. (2002), prolonged negotiations and long delivery and implementation times also make it difficult to predict how the project will develop and what kind of problems will arise.

From the supplier's perspective, this uncertainty can be mitigated by reducing the uniqueness factor of the projects. As many different companies and industries use sub-contracted projects to develop their business, a large part of the projects can be modularized to a degree, making them easier to handle and predict (Hellström & Wikström, 2005). Even though the search for complete solutions for a variety of customer needs and problems have increased the spectrum of project-based business (Cova & Salle, 2008), there is still a simultaneous shift towards increasing repetitiveness in projects through modularization (Hellström & Wikström, 2005). Modularization also serves to increase the performance of a company allowing them to make faster and more accurate pricing models (Hellström & Wikström, 2005).

### **2.2.2 Transition from solution selling to insight selling**

Many different approaches to the project marketing have been proposed by the existing research on how the companies should develop their offering and manage their marketing efforts (Cova and Hoskins, 1997). There has been a noticeable shift in the project supplier's marketing paradigm from product orientation and trying to influence customers towards listening to the customer and offering valuable insight into their processes (Kärkkäinen et al., 2001; Cova & Salle, 2007; Adamson et al., 2012). This change in paradigm requires a new way of approaching marketing and finding new ways to communicate with the customers in order maximize the effectiveness of the marketing resources (Adamson et al., 2012).

Meanwhile, the buyer behavior has also changed radically and there has been a shift in the balance of power in the sales negotiations. During the era of solution sales, the seller held the advantage of superior knowledge of the customer needs and solutions (Adamson et al., 2012). As a result, the supplier was contacted relatively early and was able to significantly influence on the kind of solution the customer would end up buying. Nowadays the rapid development of internet has made it easy for the buyer to do their own research and arrive to the negotiations armed with deep insight into their own needs and proposed solutions (Adamson et al., 2012).

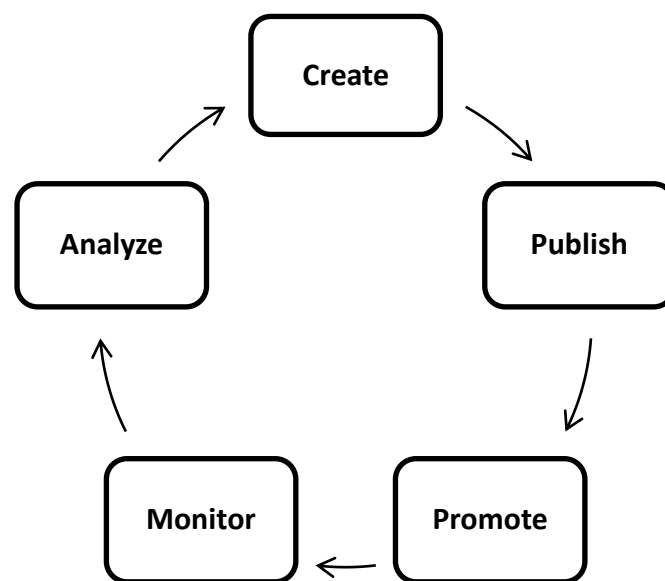
The changing buyer behavior threatens to reduce the role of the supplier to only offering the price quote. This kind of arrangement is far from satisfactory for the supplier for in order to optimize their performance, they need to be able to influence the specifications of the project. This problem has given birth to insight selling (Adamson et al., 2012). Insight selling can be considered an extension to the consultative selling introduced by Hanan (1995), as it places heavier emphasis on offering new and profound insight into the customer's process and discover needs the customer was unable to come up with themselves (Kärkkäinen et al., 2001). However this is getting harder and harder by the day since the purchasing departments are getting bigger, having access to ever increasing amount of information, and gaining more knowledge.

### **2.2.3 Content marketing**

Content marketing, sometimes referred to as inbound marketing is a marketing strategy, where the supplier indirectly influences the potential buyers by producing relevant and high-quality content without the immediate purpose of selling their own products (Harad, 2013). The modern content marketing is almost entirely composed of digital material available through different internet content channels e.g. websites or social media (Järvinen et al., 2012; Sacks, 2013). This content is mostly produced in the form of videos, pictures, blogs and informative internet pages. Lately, social media is also being used to an increasing extent (Reid, 2013). The content marketing strategies rely on the

relevant people in the decision-making unit (DMU) of the buyer chancing upon the content, being influenced by it, and making decisions that are advantageous for the supplier (Harad, 2013).

Digital content marketing was originally developed for business-to-consumer (B2C) – markets, and has only crossed to the B2B-side during the last few years (Rowley, 2008; Adamson et al., 2012; Järvinen et al., 2012). The importance of content marketing grows globally as the speed and reliability of networks increase worldwide. In western information societies the role of content marketing is perceived to be more prominent than in developing countries, but the usage of internet in B2B procurement is gaining relevance quickly also in China (Kwock et al., 2013).



*Figure 2.2. MKG Media Group's content creation cycle (Adapted from Kross, 2012)*

Inbound marketing and content marketing are relatively new additions to the field of online marketing and the established research into the actual process of online content marketing is almost nonexistent. There is vast amount of content marketing companies each of which has their own way of approaching content creation. As seen in Figure 2.2. A simplified model adapted from the content creation cycle by MKG Media Group (2012) can be described as an extended Deming's (1982) PDCA-cycle. The main difference is that in the content creation process the main aspect that needs to be monitored is the visitor behavior, not the process itself. This monitoring and analysis can be done by using web metrics, which enable extremely accurate measuring and tracing of web activities (Hennig-Thurau et al., 2010). This enables the marketers to emphasize content that is effective and avoid wasting resources in what is not (Järvinen et al., 2012). However, choosing the right metrics and developing relevant content remains a very difficult process that greatly depends on a variety of factors.

#### 2.2.4 Digital marketing channels

The digital environment offers a vast array of new tools that can be used for marketing purposes (Järvinen et al., 2012). It has been traditionally thought that in the long and complex B2B buying processes, non-personal channels of communication like social media and advertising play a supporting role at most, whereas the face-to-face selling produces the actual results (Ballantyne & Aitken, 2007). However according to Järvinen et al. (2012), only a portion of marketing communications can happen face-to-face and for delivering most marketing objectives – with the exception of closing sales – face-to-face communication is not the most suitable marketing tool. Personal communication channels are also significantly less cost-effective, requiring a large amount of resources for a small amount of customers. The change towards more independent buyer behavior as described by Adamson et al. (2012) also proposes that this is indeed the case.

It has been suggested by various authors that nowadays in various B2B contexts, digital marketing is arguably one of the better tools for building and developing brand image and gaining visibility (Drèze & Hussherr, 2003; Manchanda et al., 2006; Welling & White, 2006; Chlebišová et al., 2011; Järvinen et al., 2012). It can be used all the way from improving brand awareness and creating leads to closing the sales (Welling & White, 2006; Chlebišová et al., 2011). The digital channels are also a powerful new way of interacting with customers that can be used to establish and develop customer relationships (Bauer et al., 2002). However, the diversity of the channels available and the constantly changing nature of the digital environment, combined with the complexity and heterogeneity of the project business industry serves to make it extremely difficult to form any precise frameworks on how the digital marketing should be utilized in this context (Järvinen et al., 2012). Therefore it is up to each company to decide what kind of marketing strategy to pursue.

In the project business, the role of digital marketing as a supporting tool for traditional offline marketing has increased significantly in the last few years. Table 2.1 represents a comparison between characteristics of traditional media and online media. From the comparison outlined in the table it is quite readily seen that online media has many traits that not only increase the effectiveness of marketing, but also reduce the costs (Rowley, 2008). However, Jussila et al. (2011) states that this has caused new problems to emerge as companies are having trouble integrating the online- and social media channels to their marketing repertoire. Furthermore, Jussila et al. (2011) claim that there is yet a great gap to bridge between the actual use of social media and the potential it has. There is also a lack of clarity regarding what might be the ideal social media strategy and goals for project business companies (Järvinen et al., 2012).



**Table 2.1.** *A comparison of traditional and online media (Rowley, 2008)*

	<b>Traditional media</b>	<b>Online media</b>
<b>Space</b>	Expensive commodity	Cheap, unlimited
<b>Time</b>	Expensive commodity for marketers	Expensive commodity for users
<b>Image Creation</b>	Image is everything, information is secondary	Information is everything, image is secondary
<b>Communication</b>	Push, one-way	Pull, interactive
<b>Call to action</b>	Incentives	Information creates incentives
<b>Audience</b>	Mass	Targeted
<b>Links to further information</b>	Indirect	Direct or embedded
<b>Investment in design</b>	High	Low, easily changeable
<b>Interactivity</b>	Low	Ranges from low to two-way dialogue.

One of the major advantages of digital marketing is the traceability and measurability of the effects of the marketing efforts (Hennig-Thurau et al., 2010). Online, the marketer gains direct and accurate data on how large an audience the message reaches and what kind of reaction it produces. Web analytics can then produce very accurate models on how the potential customer behaves while browsing the marketing content. This enables the marketers to emphasize content that is effective and avoid wasting resources in what is not, thereby greatly increasing the efficiency of the marketing (Järvinen et al., 2012).

Järvinen et al. (2012) concluded by researching 145 B2B companies of various industries that in the B2B industries, the larger the company, the more important they perceived digital marketing to be. Most of the companies also stated that because of digital marketing, they have changed their way of measuring their marketing effectiveness. Moreover, the larger companies used web analytics and other tools to analyze the customer online browsing behavior significantly more than their smaller counterparts. In the light of this research it is safe to conclude that the larger companies have a quite good understanding of what kind of content is effective for attracting certain types of customers and for accomplishing certain objectives.

### **2.2.5 The use of social media in project business**

In the B2B industries of the western markets, the most widely used social media channels are Facebook, LinkedIn and Twitter (Brennan & Croft, 2012). The recent increase in the utilization of social media for B2B marketing has also been observed by variety of other authors, for example Hennig-Thurau et al. (2010), Jussila et al. (2011), Järvinen

et al. (2012) and Sood & Pattinson (2012). YouTube – not being a social media in traditional sense – is still omnipresent in the industry by hosting most of the video content shared through social networks. By researching ten large B2B businesses operating in the high-technology sector, Brennan & Croft (2012) found out that the principal applications for social media in studied B2B companies were content marketing, market research, business networking and finding sales prospects. All the companies were considering social media to be more of a platform for soft marketing through brand development and relationship building than a vehicle for hard sales. According to the research, technology companies in particular have been able to use the social media tools successfully to promote their brand images and obtain thought leadership in the online communities.

Facebook is by far the largest the largest social media website with 1.15 billion active users and 800 million unique visitors monthly. By the size of the user base, Twitter ranks in second and LinkedIn is the third (Facebook, 2013; LinkedIn, 2013; Twitter, 2013). According to Brennan & Croft (2012), even though Facebook is the biggest of social media sites, many large companies do not seem to have a unified Facebook marketing strategy. In their research Brennan & Croft (2012) found out that the larger companies with more products were using multiple different Facebook accounts and the marketing activities appeared to be more individual than corporate. Also most of the pictures under the brand names were pictures about the company products posted by people not involved with the company at all. The companies' twitter communications seemed more organized with the companies posting headline press-releases, events, new products, blogs and videos. The number of different Twitter accounts per one company was still high so the communications remained somewhat scattered and some of the accounts were not even used. LinkedIn was mainly used as a media for posting job vacancies and events but also here, the branding activities seemed largely individual rather than coordinated.

A conclusion can be drawn that for B2B companies, the main platforms for content marketing seem to be the company web pages and blogs, while the social media is utilized as a channel to gain visibility for the company in a more relaxed manner, without undue rigidity (Brennan & Croft, 2012). In the light of the paradigm shift towards insight selling, as described by Adamson et al. (2012), it can be argued that this is the correct way of utilizing the social media. The main idea behind inbound and content marketing is, after all, to target individuals rather than companies and obtain a more universal acceptance towards one's solutions by striving to become the thought leader in the online communities (Rowley, 2008).

### **2.2.6 Integrated marketing communications and branding**

According to Kitchen et al. (2008) there is a continuous theoretical confusion around IMC, with a large variety of concepts, approaches and methodologies being proposed by the academic world. Despite the lack of theoretical consensus surrounding IMC, a huge amount of companies of various industries all around the world are implementing it one way or another (Kitchen et al., 2008).

Marketing communications have long since been an integral component of marketing strategy, including all the communication activities between the organization and its customers. Integrated marketing communications (IMC) model is basically an extension to the contemporary marketing- communications model and can be defined as an approach that emphasizes achieving the marketing objectives through a coordinated use of various marketing channels that are used to complement each other (McGrath, 2005). Although the IMC concept itself is quite old, dating back to 1980s, the rise of digital marketing has given it new meaning (Jankovic, 2012). It can even be argued that due to the possibility of creating and sharing content in a fast and effortless way, it is now easier than ever for companies to make or break their brand image through the digital channels.

For creating a strong brand image it is essential to achieve a high degree of synergy between the different marketing channels and making sure that there are no contradicting messages or signals received by either the potential or existing customers (Jankovic, 2012). It can also be argued that by definition, it is impossible to create any sort of relevant brand image without matching and well-implemented marketing communications efforts.

Precise and relevant communication strategy has to be particularly emphasized in the context of system supplier industry, where due to the high degree of financial commitment and risk, the customers are not fond of uncertainty or receiving contradicting messages through different communication channels (Helander & Möller, 2007). In the light of the research in which Järvinen et al. (2012) concluded that larger companies tend to emphasize their communications strategies more than the small firms, it is reasonable to expect that in the case of the large system suppliers, this kind of blatant mistakes in the marketing mix cannot be found and the different marketing channels are used in relative unison. Therefore it is also reasonable to assume that a distinct analyzed message can be found throughout the marketing channels.

## **2.3 The Chinese market**

### **2.3.1 Overview**

China remains a communist country, at least on paper. However during the last few decades, the Chinese economic system has become extremely market oriented (Trotter & Wang, 2012). Despite the difficult macroeconomic conditions in the western world, the economy of China has continued to grow by double-digit rates, becoming an increasingly important market for international companies (Kumar & Sosnoski, 2009). Currently the rapidly rising consumer incomes, increased spending, and increasingly open business environment serve to create opportunities for growth for all kinds of companies. (Hedley, 2010)

However, the actual size of the Chinese market is smaller than could be expected from a country with population exceeding 1.3 billion because of the huge social and economic fragmentation. Most of the Chinese people are still living in agricultural communities without any relevant spending power. The foreign companies have acknowledged this and have been their offices have traditionally been based in Chinese tier 1 cities (e.g. Beijing, Shanghai, Guangzhou), where the market environment is mature and income levels far above the national average. However, with the rapid economic growth, tier 2 cities like Tianjin, Wuhan, Chengdu and Nanjing are becoming increasingly attractive due to lower setup and operating costs. For project business companies the location is extremely important since China has been setting up industrial clusters in specific cities or regions and most of the time the entire industry supply chain is concentrated in a relatively small region. (Hedley, 2010)

The main challenges foreign companies are likely to encounter in China according to Ahamed (2013) are language and cultural barriers, opaqueness of the political and bureaucratic system, and difficulty establishing the business presence. The language barrier itself can be an especially large issue for many foreign companies. Most of the Chinese are unable to communicate in English to any relevant degree and the difference in negotiation culture make it very easy to commit deal-breaking mistakes (Park & Luo, 2001; Tung et al., 2008). The opaqueness of the political system makes dealing with the bureaucracy cumbersome and unpredictable at best requiring careful planning from the company side (Chen et al., 2011; Ahamed, 2013). Many government officials are also pursuing their own personal agenda and corruption still persists (Zhao, 2001). The difficulties in establishing the business presence include for example forging relevant personal contacts and enough visibility and sales to make the effort worthwhile (Hedley, 2010).

### 2.3.2 Business negotiations and guanxi

Negotiation is one of the most important stages in project marketing. Generally all the parties involved are facing great difficulties in negotiating major projects. Proposals which could have been mutually beneficial are often rejected and bad choices made. During the recent years there has been a growing consensus on the claim that European companies are losing market share on the international projects due to lack of knowledge and information about the buying company and the business environment. It is important for the negotiators to have advance information on the buyer's behavior and cultural factors. This enables the negotiators to plan the process properly and not get irritated due to the cultural differences and surprises. (Cova et al., 2002)

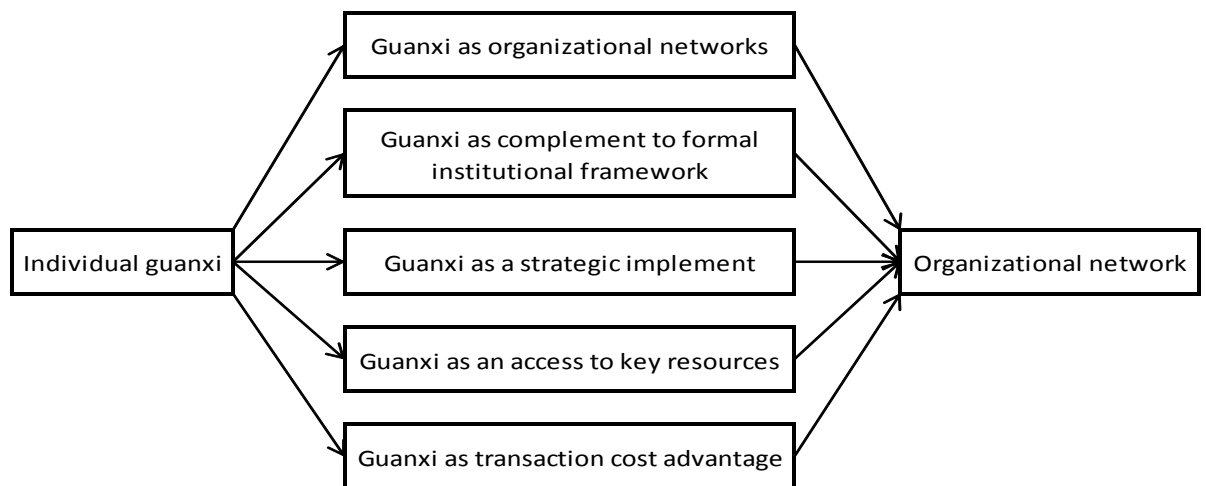
In international project negotiations, taking into account the cultural factors indeed plays an important role. The most important factors are the pattern of communication, concept of time, and degree of emphasis on personal relations (Cova et al., 2002). In the Chinese context, the pattern of communication is very different from what the western negotiators are used to. The communication can be characterized as having a high degree of ambiguity with a high emphasis on the personal position or standing of the negotiating personnel (Chen et al., 2011). This means that it may be extremely difficult to gain reliable information about the actual capabilities of the customer organization because regardless of if they can fulfill the contract; they will claim that they can do it in order to not lose face (Park & Luo, 2001). Also if the negotiating personnel are viewed as being of too low status within their company, the negotiations are not taken seriously and it may be extremely difficult to reach any kind of contract regardless of the terms (Park & Luo, 2001; Tung et al., 2008; Chen et al., 2011).

The concept of time also changes in different cultures. In the Chinese society, the "time is money"-proverb does not exist or at least holds a different meaning. The Chinese tend to be relatively punctual, but they emphasize spending time establishing personal relationships and are often much more concerned about the personality of the negotiator than the company he is representing (Chen et al., 2011). This might throw off some western negotiators who are trying to be efficient and task-oriented to a fault, not noticing that this kind of approach is often impossible with the Chinese clients.

The emphasis on the personal relations on Chinese business world is crystallized on the concept of guanxi. The recent years have seen western scholars' increasing familiarity and acceptance of the Chinese business practice of guanxi as an enormously rich, complex, and dynamic concept (Chen & Chen, 2004). At its most basic level, guanxi refers to a network of informal interpersonal relationships and exchanges of favors established for the purpose of conducting business (Lovett et al., 1999). The underlying philosophy of guanxi has been omnipresent in both the economic and social lives of the Chinese people for centuries (Zhang & Zhang, 2006). Park & Luo (2001) describe guanxi as an

intricate and pervasive relational network consisting of mutual obligations, assurances and understandings with profound implications for both interpersonal and inter-organizational dynamics.

The main interpersonal aspect of guanxi present in the business negotiations is the concept of face. Tung et al. (2008) interviewed 38 western expatriates and Chinese executives who work for large foreign invested enterprises in China and found out that it is of critical importance to give your Chinese counterpart ‘face’ during the negotiations. This means always giving them a chance of getting out of the mistake or situation without embarrassing themselves. The need to save face is a universal phenomenon in Chinese society and none of the respondents in the study by Tung et al. (2008) thought that the importance of face has diminished over the recent decades. Therefore it is crucial that the concept of face and its implications are understood as well as possible in order for the business negotiations to be successful.



**Figure 2.3** The relationship between individual-level guanxi and organizational networks (Zhang & Zhang, 2006).

In business relationships, the effects of guanxi can be not only observed on individual level, but also on organizational level (Zhang & Zhang, 2006). Figure 2.3 visualizes the link between micro- and macro-levels of guanxi. In the framework, an individual is viewed as the basic unit of an organization. A person is capable for independent decision-making and as he comes in contact with people both within and outside of the company, a guanxi network is formed. If a person belongs to two organizations, these organizations are also linked to each other; similarly if two individuals belonging to two separate companies have an interpersonal connection, the companies are linked as well. When a person switches his employer, he takes his guanxi networks with him and this can be very dangerous for the company if he was in an important role. (Zhang & Zhang, 2006) While the guanxi networks may seem quite similar to normal interpersonal connections, they are in fact much deeper and have more effect in the ways the business is

done in China, offering shortcuts and exchanges of favors in order to promote both individual and organizational benefits (Lovett et al., 1999).

However, the sheer size of China serves to create large regional and generational differences in personal values and communication patterns (Tung et al., 2008). The research into Sino-Western business negotiations by Tung et al. (2008) concluded that there is currently a significant difference between the values of the older and younger generation in China and as the younger people eventually make their way into the managerial positions, the paradigm of negotiating may take a considerable turn towards western lines thinking. The research also revealed that there is a difference in paradigm between different regions. The largest cities are around ten years further in the development towards more western way of doing business. However, as troublesome as it may be for westerners doing business in China, the concepts of *guanxi* and *face* are not going to disappear any time soon and need to be understood in order to conduct business properly.

There is currently no specialized research on the importance of *guanxi* in the Sino-Western system supplier industry. However, considering that even in the traditionally task-oriented western industry the importance of extensive customer relationships and reference marketing is being emphasized, it can be expected that the role of *guanxi* is extremely significant also when conducting business in this sector in China. Consequently, companies that fail to take the importance of *guanxi* into account in their marketing and negotiations will find it difficult to establish a sustainable business.

### **2.3.3 Reference marketing as a form of *guanxi***

The utilization of customer references as a part of project marketing in the system supplier industries has long since been a standard practice in the western markets (Salminen & Möller, 2004). Because of the high customer risk typical for project industries, gaining loyal customers and valuable references has become a requirement for companies selling complex and extensive solutions to increase their credibility as a supplier in order to win bids for even larger projects (Salminen & Möller, 2004; Veres, 2009).

In the Chinese market, the use of customer references can be considered almost essential. The exponential growth of the Chinese economy has caused intense competition across the industries (Kumar & Sosnoski, 2009). Contrary to the old assumptions in the west, the flourishing companies in B2B industries are not the random winners of the endless price wars, but few who have managed to adapt strategically in order to mitigate the risks of market uncertainty and changing environment (Chen et al., 2011). The project business companies have realized that the most viable option for gaining and sustaining a competitive advantage emphasizing the relational aspects of the business in contrast to the transactional aspects (Chen et al., 2011).

In a market of intense competition, relationships and networks some of the hardest competitive advantages for the competitors to copy and therefore are more likely to produce sustainable increase in the competitiveness of the company (Zhuang et al., 2008). In this context, reference marketing can be seen as an integral part of guanxi. The term “reference marketing” is not used in the majority of guanxi literature, the similarities are still obvious. The reference marketing in the Chinese context is not so much about the supplier relationships with prominent companies as described by Walter et al. (2001), but more about the relationships with the important people within the prominent customer companies.

For this reason in the business negotiations, the value of a potential supplier is not only based on their customer reference, but also on the guanxi contacts they can bring to the table (Gao et al., 2012). One of the major impacts this has from the corporational perspective is that usually, the decision making units of both negotiating parties are almost without exception promoting their personal agenda over the corporate agenda to the highest degree they can get away with (Zhang & Zhang, 2006). This becomes a particularly problematic issue if a key employee decides to leave the company. The employee takes with him his established guanxi network and references sometimes leaving the previous company in a seriously disadvantaged competitive position.

In the context of Chinese-Western business relationships, the emphasis on guanxi considerably reduces the effectiveness of reference marketing. Particularly foreign customer references can be seen as of little value. The value of the foreign references is further diminished by the common Chinese presumption that the Western companies have a superior quality compared to their Chinese counterparts (Harrison & Hedley, 2010). Therefore there is little need for the foreign companies to further establish themselves as a particularly credible supplier. Domestic customer references – however – can be seen as valuable assets, particularly participation in large government projects and guanxi connections to the regional management (Gao et al., 2012).

#### **2.3.4 China marketing research**

Scientific research into project marketing in China remains in a quite infantile stage and most of the published research concerns consumer customer behavior in B2C markets. Academic marketing research papers are currently limited in both topics and numbers. The existing marketing research papers are characterized as having broad a scope, but limited depth. Additionally, most of the research has documented in Chinese, and thus has not been published in English journals. However, as more and more companies have discovered the potential of the Chinese domestic market, the demand for localized marketing research has far outstripped the supply. From the temporal distribution of major



research articles in China marketing research it can be concluded that during the recent years, much more research has been produced than before. (Trotter & Wang, 2012) Despite the growing amount of research, a generally accepted theoretical framework for China marketing is yet to be compiled (Wang & Song, 2011).

The lack of research can be due to the fact that in the Chinese project-based industries the way of conducting business has been very rigid in the past. The larger industrial companies have been traditionally conducting business almost solely through the *guanxi*-networks, and therefore marketing has been seen of little importance (Zhao & Wang, 2011). The companies have also paid very little heed to the non-personalized marketing efforts of foreign companies (Wang & Song 2011, Zhao & Wang, 2011; Kwock et al., 2013). However, the paradigm is currently changing also in China. While most of the Chinese B2B companies still consider marketing a waste of money, many of them have begun, for example, using the internet as a means to find new potential suppliers (Martinsons, 2008). A research by Chu et al. (2010) conducted by interviewing executives from 16 different public relations agencies proposed that while most of the managers in the researched companies were still skeptical about making larger marketing investments, all agreed that the role of marketing will grow, with the internet becoming one of the main platforms for market communications integration. However, the research lacked a cross-industrial perspective and it can be assumed that in the public relations industry, the views towards marketing are more westernized than in more traditional industries.

### **2.3.5 Local and global brands**

A Brand is a combination of different aspects of marketing communication and corporation strategy acting in unison to provide a higher perceived value for the customer (Fischer et al., 2010). According to Keller (1998) a competitive brand has following aspects:

- Superior quality
- Innovativeness
- Value pricing
- Advertising
- Promotions
- Services

These can be seen as universal traits of strong brands and are referred to as core advantages (Samiee and Roth, 1992). Superior quality and services are particularly vital aspects of the customer value for western companies in China. Whether or not the actual quality is better can be disputed, but the most important thing is that the western brands are perceived as being high quality and the companies are often able to offer bundled

services that are superior to their local competition (Calantone et al., 2011). As for pricing, the local companies are holding a huge advantage of cheaper labor costs and business processes that are more optimal for the domestic market environment. The local brands in China also hold the upper hand in advertising and promotion; with the exception of internet as western companies usually have superior internet presence compared to their Chinese counterparts (Li et al., 2008; Wang & Sun, 2010).

Innovativeness is an aspect that is more easily measured since often the western system suppliers possess technology and know-how that is lacking in the local market and this is often one of the prime reasons the local companies sign contracts with their western counterparts (Calantone et al., 2011). However, this also brings up an important issue, namely the intellectual property rights. Protecting company IP-rights in Chinese market can be extremely tricky and losing trade secrets and competitive advantage is very common. Careful attention has to be paid when choosing Chinese business partners and special interest taken to the wording in the contracts (Liu et al., 2008). It is all too easy for a prolific business venture to turn into a desperate fight for clients after a few deals when some other companies have discovered one's trade secrets.

Another aspect of the brand is local advantages, which indicate the ability to adapt and meet the unique needs of a local market in order to gain market share (Child & Tse, 2001). When comparing global and local brands, particularly local brands of transition economies, it can be expected that global brands have superior core advantages. The local brands – however – are enjoying an established market position and supply chain while the global brand still needs the ability to break through the barriers of the local market by allocating sufficient resources to sustain itself through the initial phases of entry (Gao et al., 2006).

The research by Gao et al. (2006) was an extensive study of over 400 brands in 52 different product categories so its findings can be assumed to be quite reliable. The research affirmed the existence of core advantages and local advantages and their dynamics in the Chinese market. The research was – however – conducted solely on B2C markets and brands so generalizing the results to the system supplier markets or B2B markets cannot be done without certain reservations. It can be assumed that while the role of the brand image might not be as significant as portrayed by Gao et al. (2006), it still holds and importance particularly when entering a new market.

Breaking through to a new market is always difficult, particularly so in China. The further away the new market is from the brand's home market, the more difficult it becomes for the brand to break through the entry barriers (Peng & Luo, 2000; Gao et al., 2006). In China, the local market protectionism is the foremost thing that creates market entry difficulties for the foreign companies (Hoskisson, 2000). In China, like in many other parts of the world, each region and city has its own jurisdictions and its own mar-

ket and brands to protect (Peng & Heath, 1996). The protectionism of local market makes it more difficult for foreign companies and brands to achieve economies of scale and scope, thus it can be expected that the brand's market share becomes smaller as the local market becomes more protected (Gao et al., 2006).

It can be assumed that the external market environment has a stronger impact on international brands than on domestic brands. This is mainly due to the fact that the local companies have sufficient *guanxi* and know-how in how to bypass most of the market restrictions and protectionism (Gao et al., 2006). Another reason is that the strength of the local brands lies in their superior ability in meeting unique local demands, while foreign brands rely on their global brand assets (Aaker & Joachimsthaler, 2000). The global brands are often pursuing standardization strategies across the countries and this makes it even more difficult for them adapt to the needs of a local market (Gao et al., 2006).

When moving to foreign markets, early movers tend to have an advantage. In this case, being an early mover does not mean that the technology or solution is particularly innovative, only that it is innovative from the domestic market's perspective (Green et al., 1995). Early movers are facing a high risk, but research also shows that companies that have been in a market longer are generally holding larger market shares than their later following counterparts (Li, 1995). Moreover, it has been established that local governments are often treating the early movers more favorably in order to attract more investments (Isobe et al. 2000). Therefore it can be expected that the companies who entered the market early do not need to invest as much resources into establishing and maintaining their networks and brand image as the late followers.

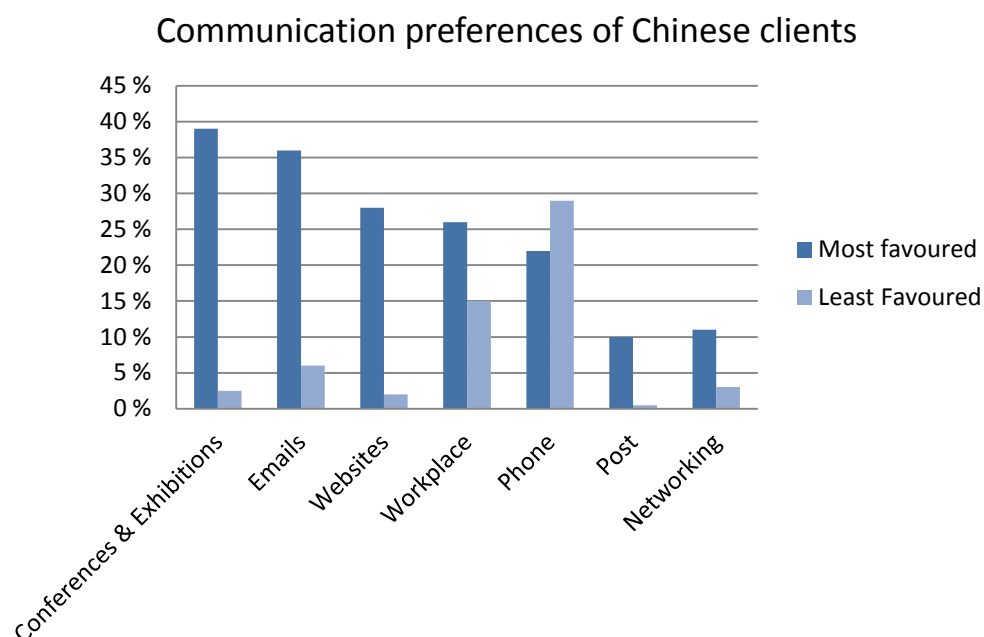
Even though there is no established research about the first-mover advantage on the brand level, Gao et al. (2006) propose that there is a reason to expect that the advantages not only exist but are also stronger on the brand level than on the company level. First, a strong company performance comes from a strong brand and the strong brands are able to drive away the weaker brands from the market and gain more market share (Gao et al., 2006). Second, it is easier for the early movers to shape the customer preferences, thereby increasing their own brand equity (Brown & Lattin, 1994). Thus it can be assumed that with everything else being equal; the brands of the early-movers will perform better than the brands that are trying to establish a market position later on (Gao et al., 2006).

### **2.3.6 The role of online marketing channels**

One of the reasons why the Chinese tend to be skeptical towards online marketing is the fact that the advertising laws in China have been unable to keep up with the fast technological development. As a result, it is common to find misinformation and flat out

frauds in the midst of proper advertising (Wang & Sun, 2010). This is one of the key reasons why the online marketing efforts of western companies are quite effective in China. In order to change the attitudes towards online marketing, the company needs to establish itself online as a credible information source for the information-seeking customers to find (Wang & Sun, 2010). Dong et al. (2013) state this only applies to the local companies since the marketing of the western companies is perceived to be more honest by default and they do not need to go into great lengths to reassure the customers of their credibility.

The only research pertaining to the role of online marketing channels in China has been focusing on B2C markets or consumer behavior (Trotter & Wang, 2012). Furthermore, most of the online marketing research conducted in China concentrates solely on online advertising. However in most of the studies, for example in a study by Wang & Sun (2010), the term advertising is used in a quite broad sense, similar to the other cross-cultural studies on attitudes towards online advertising like in the studies by Dreze & Husherr (2003), Li & Zhao (2009) and Ju (2013). For this reason it can be expected that the results are quite applicable considering the cultural differences in attitudes towards marketing and its effectiveness in broader sense. Still the fact that most of these studies have been conducted in only a couple of different countries has to be taken into account when evaluating their generalizability. For example in studies by Wang & Sun (2010) only the differences between China and the United States are considered. Nevertheless, judging from the similarity of the results in the studies, it can be safely stated that the different attitudes towards doing business in the Western nations are quite miniscule compared to the obvious differences in the attitudes between Western countries and China.



**Figure 2.4** Communication preferences of Chinese clients (Adapted from Harrison & Hedley, 2010)

Kwock et al. (2013) stated that the emphasis on *guanxi* in the B2B industries in China has been fading as the country has opened up and the companies are starting to consider internet as a viable source of information. In Figure 2.4 we can also see that more and more clients are starting to prefer electronic channels over traditional communication. There is also significant antipathy towards communicating sales over the phone. Therefore it can be concluded that as according to Adamson et al. (2012) the emphasis on B2B markets have been shifting from solution selling to insight selling and content marketing; due to the nature of globalization the Chinese marketing and sales culture is ultimately heading the same way, only with a phase difference. Therefore the role of online communication channels can be expected to be further emphasized in the future.

### **2.3.7 Social media in China**

The internet and social media remains highly regulated in modern China. The nationwide government firewall referred to as the Great Firewall of China or the Golden Shield Project is the pinnacle of internet censorship technology, effectively blocking most of the traffic to some of the most widely used western web pages (Crampton, 2012). The blocked sites include Google, YouTube, Facebook and Twitter and thus the marketing materials available in most of the widely used global social media will not reach the majority of the Chinese (Crampton, 2011). Two of the most popular social media sites in China are Weibo and Renren, roughly corresponding Twitter and Facebook, although Weibo contains a lot of Facebook-like features. The Chinese Youku is a video service similar to YouTube and is universally used in China (Crampton, 2011). Although it is possible for the Chinese to bypass the government firewall, there is no reliable data into how many actually do it so for research purposes it can be assumed that the global social media only reaches Hong Kong and Taiwanese parts of China and the rest of mainland relies on the Chinese social media.

In 2013, Renren had 194 million active users, roughly corresponding to the user base of Twitter or LinkedIn, while Weibo was at 503 million users (Xinlang, 2012; Renren, 2013). Even if most of the users remain relatively inactive, the marketing potential in the Chinese social media is huge and is already being utilized by most of the Chinese B2C companies and a growing amount of companies operating in B2B industries. There is very little published English research about the marketing in Chinese social media and almost all of the research has been conducted from the perspective of the B2C industries. Still it can be assumed that the usage of social media in the B2B industries is and will be quite similar to how it is utilized in the western world since the functionalities of the services are remarkably similar to their western counterparts. Without established research it is difficult to ascertain to what extent the companies in B2B industries are utilizing social media as a marketing channel.

## 2.4 Theoretical synthesis

### 2.4.1 Literature overview

Cova et al. (2002) defined a project as a complex transaction covering a package of products, services and work, specifically designed to create capital assets that produce benefits for the buyer over an extended period of time. The main features of project business have been determined by various authors to be the uniqueness of individual projects, the complexity of the project offerings, the discontinuity of demand, the complex and discontinuous nature of business relationships and networks, and the considerable financial commitment required of all the parties involved (Mandják & Veres, 1998; Cova et al., 2002).

Due to the characteristics of the project-based industries, it is mandatory in most cases for the companies to complement their own capabilities with resources controlled by other companies. This serves to create a need for inter-organizational relationships (Miller et al., 1995). Utilizing customer references is also a principal part of marketing in the project business industry. Because of the high customer risk typical for project industries, gaining loyal customers and valuable references has become the driver of many industrial companies' marketing strategies. Nowadays, companies selling complex and extensive solutions need a solid repertoire of references to increase their credibility as a supplier in order to win bids for even larger projects (Salminen & Möller, 2004; Veres, 2009). Helander & Möller (2007) state that the supplier's role and the customer's strategy are strongly interdependent and the business relationship can only function properly if the supplier's aimed role fits the customer's pursued strategy. Furthermore the research by Richards & Jones (2009) revealed that one of the most important aspects of a functioning business relationship is good communication. The company has to communicate well and often with all the involved parties to ensure that there are no surprises and that the relationships are being developed properly, taking the needs of all the involved parties into account.

In China, the IOR:s are the result of a complex interplay between individual-level guanxi and organizational networks (Zhang & Zhang, 2006). At its most basic level, guanxi refers to a network of informal interpersonal relationships and exchanges of favors established for the purpose of conducting business (Lovett et al., 1999). Guanxi networks may provide shortcuts and open up options on organizational level unavailable to those without significant connections. This is why particularly in the Chinese market; the early movers tend to have an advantage (Green et al., 1995). Not only do they have more extensive guanxi networks, but also the local governments are usually treating the early movers more favorably than the later followers in order to attract more investments (Isobe et al. 2000). First movers also tend to have easier time developing their brand image in the local market. Even though there is no established research about the first-mover advantage on the brand level, Gao et al. (2006) propose that there is a reason

to expect the advantages not only exist but are also stronger on the brand level than on the company level.

Findings from the reference marketing research conducted in western system supplier markets lend credibility to the claim the role of *guanxi* is extremely significant in the Sino-Western business negotiations in project business industry. However, in the context of Chinese-Western business relationships it can be expected that the emphasis on *guanxi* considerably reduces the effectiveness of reference marketing. Reference marketing in China is not so much about the relationships with prominent companies as described by Walter et al. (2001), but more about the relationships with the important people within the prominent customer companies. In a market of intense competition, relationships are one of the more sustainable ways to produce competitive advantage because they are extremely hard for the competitors to copy (Zhuang et al., 2010).

A brand in the local market context includes two main categories of advantages, referred to as core advantages and local advantages (Child & Tse, 2001). The core advantages refer to the traditional qualities of a competitive brand such as superior quality, innovativeness and pricing, while the local advantages indicate the ability to adapt and meet the unique needs of a local market in order to gain market share (Child & Tse, 2001). When comparing global and local brands, particularly in the Chinese context, it can be expected that global brands have superior core advantages while the local brands are enjoying an established market position, supply chain and *guanxi* connections (Gao et al., 2006). In China, the local market protectionism is the foremost thing that creates market entry difficulties for the foreign companies (Hoskisson, 2000). The protectionism of local market makes it more difficult for foreign companies and brands to achieve economies of scale and scope by producing greater local advantages for the local brands (Gao et al., 2006).

The literature review revealed a lack of in-depth research into the marketing localization of project business companies. Not only there is limited amount of research in the context of China, but the marketing localization is not extensively researched anywhere else either. In the case of China, the lack of research hardly came as a surprise, as Trotter & Wang (2012) outlined before that the marketing research papers pertaining to Chinese market are currently limited in both topics and numbers and the existing marketing research papers are characterized as having broad a scope, but limited depth. Furthermore, most of the research has been conducted in B2C markets and has been only published in Chinese, thus it has often remained unpublished in the English journals. The literature review was therefore unable to provide any relevant answers as to what kind of distribution of emphasized topics is to be expected in the marketing items of the target companies. For this reason, the creation of the codebook for the marketing analysis will be postponed to the actual research stage and will be composed by using inductive analysis of the research data.

## 2.4.2 Implications and the role of online marketing channels

Based on the literature analysis, it would be reasonable to expect that the major characteristics of the local Chinese market reduce the importance of online marketing and marketing in general. While this may have been true at the time of writing most of the research that have been referenced in this study, there is a reason to believe, that during the last years, the paradigm has been rapidly changing. Also, as Tung et al. (2008) stated, most of the research fails to take into account the size of China and the regional and generational heterogeneity in personal values and communicational patterns. In their research into Sino-Western business negotiations Tung et al. (2008) concluded that there is currently a significant difference between the values of the older and younger generation in China and as the younger people eventually make their way into the managerial positions, the thinking patterns may begin to rapidly shift towards western way of business negotiation.

The reason, why the Chinese have remained skeptical towards online marketing is due to the fact that the advertising laws in China have been unable to keep up with the fast technological development. As a result, it is common to find misinformation and flat out frauds in the midst of proper advertising (Wang & Sun, 2010). However, western companies can use this as their advantage since the mistrust towards local operators passively increases the value of their own marketing efforts. This also makes it easier for western companies to indirectly gain new customers without engaging in personal communication or needing extensive guanxi-networks.

Judging from the sheer abundance of online marketing material specialized towards the Chinese market; the western companies themselves appear to not see the online marketing as a waste of resources, but as a valuable channel to expand their market share. In this research it will be assumed that the international companies operating in the Chinese market are using online marketing mainly to gain visibility and to establish and maintain their brand image in order to attract new potential customers. Chlebišová et al. (2011) state that online media can be used for every stage of the marketing and sales process, but in the light of the literature it seems obvious that in the context of China, the later stages of the negotiation, including closing sales and maintaining company relationships are done via other – more personalized – communication channels.

In the light of the literature review, it is to be expected that the international companies will emphasize their commitment to the Chinese market, corporate responsibility and domestic customer references above transactional advantages or core brand advantages. This is partially due to the strong influence of guanxi in business negotiations and partially due to the market entrance barriers and major local advantages of the domestic actors. Therefore it can be expected that in the local marketing channels, the companies



will try to bridge the gap between the international market and the local market thereby proportionally reducing the benefits the domestic brands gain via their local advantages. A rudimentary way of demonstrating commitment to the local market is to use the local language, so assumedly all the relevant brand and marketing communications and material will be available in Chinese.

## **3 RESEARCH METHODOLOGY AND MATERIAL**

### **3.1 Overview of the companies**

The companies included in the research are 30 international system suppliers operating in the project business. The complete list of companies included in the research can be seen in Table 1.1. The researched companies were chosen to represent a diverse sample of large international system suppliers with significant operations in China. Some of the chosen companies have been involved with the Chinese market for over a hundred years and some have only entered the market just over 5 years ago. The companies to be included were chosen using the following criteria:

- (1) Large and established multinational system suppliers with annual turnover of more than 0.5 billion USD
- (2) Permanent and prolonged presence in China for at least 5 years
- (3) Supplier of capital equipment involving high purchasing risk and extensive co-operation with the customers
- (4) Wide regional distribution of company origins
- (5) Produces marketing material in Chinese for the Chinese market

The regional distribution of company origins can be seen in Table 1.2. All of the included companies are large international ones, but the corporate roots may still affect the ways of doing business and marketing in a company. Even if the origins of the companies turn out to be irrelevant, wide regional distribution serves to provide a more diverse sample thereby increasing the reliability of the study.

### **3.2 Document-based study**

According to Saunders et al. (2009) there are three types of research design: exploratory studies, descriptive studies and explanatory studies. From a research design perspective, this study can be considered to be an explanatory study. Saunders (2009) defines an explanatory study as a study that tries to establish causal relationships between variables with an emphasis on studying a problem or a situation in order to explain the relationships between the researched phenomena. In explanatory studies both quantitative and qualitative data can be used in order to solve the research questions. Alternatively, quantitative data can be used to complement qualitative data in order to produce further

insight into the researched phenomena, like was done in this study (Saunders et al., 2009).

Document-based study was chosen as the research strategy since this research uses the marketing material of the target companies as the principal source of research data. Saunders et al. (2009) states that a document-based study method facilitates answering of research questions that focus on the past and change over time. In the context of this research document-based methodology allows the collection of sufficiently large sample of data in order to provide relevant and valid results.

The researcher's ability to find an answer to the research questions based on the research material is inevitably constrained by the nature of the data being researched. The data may not contain the information needed to answer the research questions or crucial data may be missing. Therefore the availability of relevant data needs to be confirmed before committing to a research. (Saunders et al. 2009) Before starting of this research, the availability of the data was verified, but the quantity of data ended up being much larger than previously assumed making the research more time-consuming, but on the other hand increasing the sample size, therefore increasing the reliability.

A study can be quantitative, qualitative, or take a combination approach (Yin, 2009). While the quantitative methods emphasize the collection and thorough analysis of data, qualitative methods seek to observe the data at hand and view the result as the theory of the phenomenon (Cooper & Schindler, 2008). Quantitative methods are deductive in nature and aim to test the theory based on the collected data and the data itself tends to be either in a numerical form or in a form that can be readily converted into numerical form (Cooper & Schindler, 2008). In the qualitative study, however, the data is usually in the form of words; be it interviews, written or verbal reports, interviews or observations (Miles & Huberman, 1994). The combination of quantitative and qualitative methods is usually considered to enhance the reliability of a study. Quantitative and qualitative methods can be used in succession or simultaneously in order to compensate their relative weaknesses and provide a more reliable research (Cooper & Schindler, 2008).

Due to the nature of the research material, it is important to pick a large enough sample in order to make any kind of relevant conclusions about it. It is to be expected that particularly in the case of localized marketing material, there is a high variation in the amount of material published by the companies. Each company has their own values and their own way of promoting their brand, therefore with a smaller sample, the research will risk being biased.

This research consists of two steps, the first step being an inductive analysis of the research data, by the means of which a codebook of recurring and relevant themes will be created. The second step is a deductive step that is composed of an analysis of the

online marketing items according to the codebook and creation of a marketing strategy framework. This framework will then be used as a basis for the marketing localization analysis and answering the research questions.

The inductive is necessary because the literature review revealed a lack research pertaining to market localization, thus it is difficult to find the basis for analyzing the marketing data based on theory only. To overcome the lack of established research, an inductive approach is chosen to enable relevant analysis and categorization of the research data. The goal of this step is to gain some preliminary insight into how the companies being researched are communicating with the potential customers and to come up with a basic codebook of terms and concepts used by the companies in their marketing material. Afterwards a framework of the marketing strategies is created and used to access how the researched companies are localizing their marketing and what are the key aspects being emphasized in their branding. Particular emphasis will be laid on how the brand communications change when comparing the international and local marketing.

### **3.3 Data collection and analysis**

#### **3.3.1 Online presence of the companies**

The first step of the data gathering was identifying the relevant data sources with the idea of being able to acquire sufficient amount of marketing material for qualitative and quantitative analysis. By definition, the information online is difficult to quantify and define in a relevant way so before starting the data collection, the structure of the companies' online marketing needed to be defined. For this purpose, a brief overview of the structure of their online presence was conducted. The analysis was done by investigating all the different online channels the companies were using and determining the way they relate to each other and what role they are playing in the marketing efforts. Great similarities were found in the online marketing structures of the target companies. First finding was that all 30 companies had an extensive webpage in both English and Chinese and most of the companies had even professionally translated their brand name into Chinese. The main aspect that created differences was the companies' participation in the social media marketing. There seemed to be three main categories in the degree of participation in social media marketing.

- 1) Comprehensive presence across all the online channels, including social media, using both English and Chinese channels. (13 companies)
- 2) Comprehensive presence in international social media, limited presence in Chinese social media. (10 companies)
- 3) None or very little presence in any social media (7 companies)

13 of the target companies belonged to the first category and had a strong presence in both international and Chinese channels. However, it has to be noted that social media marketing localized for Chinese market seems to be a very new trend in project business industries. Four of the companies had just started actively maintaining their social media accounts in year 2013 and thus did not have a full year of presence.

The 10 companies in the second category did social media marketing in the international channels, but not in Chinese channels. Due to the fact that project marketing in Chinese social media is such new a phenomenon, most of these companies would probably have established their presence in Chinese social media if this research was conducted a few years later. The reason for these companies not committing resources for social media remains unclear, but may be due to the lack interest in devoting marketing resources for China or the emphasis on different aspects of marketing.

There were seven companies that were not actively maintaining any kind of presence in social media. Some had social media accounts, but none were actively updating their accounts. However, all of the companies in this category had extensive webpages and some were keeping blogs, but all of the content was kept tightly in the immediate vicinity of the main website and there was little to no visible interaction between the company and the online community.

### **3.3.2 Overview of the marketing data**

The marketing data was collected using Facebook, LinkedIn, Weibo and Renren as bases for data acquisition since those were the channels that were deemed to be most relevant in the context of the study. This accessed the main problem of the diversity of different website designs by the companies that was effectively making it impossible to collect any kind of quantifiable marketing data from the websites themselves. The social-media based approach circumvented this problem by enabling the researcher to directly identify content that was deemed most important by the companies themselves. By linking back to the content in different channels, the company signals that they consider it the most valuable from the marketing perspective. The four social media channels were also sufficiently similar to enable a meaningful comparison between the international marketing and Chinese localized marketing.

*Table 3.1. Distribution of research material*

Company	International					Chinese			
	Total	FB	LinkedIn	Twitter	Others	Total	Weibo	Renren	Others
General Electric	<b>1616</b>	146	1013	395	62	<b>614</b>	594	4	16
Siemens	<b>819</b>	167	254	312	86	<b>937</b>	851	41	45
Hitachi	<b>13</b>	0	0	0	13	<b>0</b>	0	0	0
Toshiba	<b>233</b>	125	15	88	5	<b>0</b>	0	0	0
ABB	<b>385</b>	80	142	104	59	<b>594</b>	594		
Honeywell PS	<b>240</b>	196	0	44	0	<b>522</b>	517	0	5
Mitsubishi Electric	<b>113</b>	88	0	0	25	<b>0</b>	0	0	0
Emerson PM	<b>119</b>	85	0	30	4	<b>50</b>	50	0	0
Schneider Electric	<b>500</b>	80	0	52	368	<b>169</b>	120	9	40
Danaher Industrial	<b>0</b>	0	0	0	0	<b>0</b>	0	0	0
Metso Automation	<b>253</b>	82	79	92	0	<b>82</b>	82	0	0
Fuji Electric	<b>0</b>	0	0	0	0	<b>0</b>	0	0	0
Bosch Rexroth	<b>115</b>	89	0	0	26	<b>244</b>	171	73	0
Cameron V & M	<b>0</b>	0	0	0	0	<b>0</b>	0	0	0
Omron	<b>202</b>	92	78	0	32	<b>0</b>	0	0	0
Rockwell Automation	<b>341</b>	97	0	54	190	<b>616</b>	616	0	0
FANUC	<b>192</b>	155	15	0	22	<b>0</b>	0	0	0
Flowserve	<b>39</b>	27	8	0	4	<b>0</b>	0	0	0
FMC	<b>147</b>	67	51	0	29	<b>0</b>	0	0	0
Invensys	<b>168</b>	82	28	0	58	<b>0</b>	0	0	0
Yokogawa Electric	<b>4</b>	0	0	0	4	<b>0</b>	0	0	0
IMI Plc	<b>0</b>	0	0	0	0	<b>0</b>	0	0	0
Ametek	<b>4</b>	0	4	0	0	<b>0</b>	0	0	0
Endress+Hauser	<b>199</b>	17	0	122	60	<b>0</b>	0	0	0
Azbil	<b>0</b>	0	0	0	0	<b>0</b>	0	0	0
Phoenix Contact	<b>129</b>	93	0	0	36	<b>510</b>	510	0	0
Spectris	<b>0</b>	0	0	0	0	<b>0</b>	0	0	0
National Instruments	<b>355</b>	107	0	111	137	<b>105</b>	105	93	0
Weidmüller	<b>56</b>	0	0	0	56	<b>372</b>	372	0	0
MKS Instruments	<b>0</b>	0	0	0	0	<b>0</b>	0	0	0
<b>Total</b>	<b>6242</b>	<b>1875</b>	<b>1687</b>	<b>1404</b>	<b>1276</b>	<b>4815</b>	<b>4582</b>	<b>220</b>	<b>106</b>

Table 3.1. Shows the amount of marketing data analyzed for each company and channel. The category ‘others’ encompasses minor sources: blogs linked by the companies in the social media, references to articles in the company website and links to videos in external video sites. Some of the companies had a large amount of material available, while some had little or no online presence outside their core webpage. For all the companies, only the material published in the year 2013 was included in the study. Even though marketing material from twitter was not used for the main analysis of marketing items, one month of marketing data was analyzed for each company present there to determine the general way Twitter was used.

Out of the 30 companies in the study, 12 had a sufficient amount of both international and Chinese material for reliable comparison, thus for the purposes of the localization research only these 12 companies were analyzed. Both the international and Chinese localized marketing communications of the selected companies were analyzed in-depth to determine the way their communications were localized. The degree of utilization of different online marketing channels by the companies is depicted in Table 3.2.

*Table 3.2. Channel utilization of the companies in the localization study*

Company	International channels					Chinese channels			
	Website	Youtube	Facebook	Twitter	LinkedIn	Website	Youku	Weibo	Renren
<b>General Electric</b>	X	X	X	X	X	X	X	X	X
<b>Siemens</b>	X	X	X	X	X	X	X	X	X
<b>ABB</b>	X	X	X	X	X	X	X	X	X
<b>Honeywell PS</b>	X	X		X	X	X	X	X	X
<b>Emerson PM</b>	X	X	X	X	X	X		X	
<b>Schneider Electric</b>	X	X	X	X	X	X	X	X	X
<b>Metso Automation</b>	X	X	X	X	X	X		X	
<b>Bosch Rexroth</b>	X	X	X		X	X		X	X
<b>Rockwell Automation</b>	X	X	X	X	X	X		X	X
<b>Phoenix Contact</b>	X	X	X			X		X	
<b>National Instruments</b>	X	X	X	X	X	X		X	X
<b>Weidmüller</b>	X	X	X			X		X	

In the table, the companies are arranged in the order of annual revenue. It can readily be seen that there are no huge differences in utilization of the channels between the companies. Also, compared to the initial sample of 30 companies, there does not seem to be correlation between the company size and the amount of online channels used. For example some of the largest companies like Hitachi and Toshiba were hardly using the social media channels.

The total amount of items analyzed was 6242 messages on international social media and 4815 items on Chinese social media. The 12 companies in Table 3.2 covered 77% (4813) of the international marketing items and 100% (4815) of the Chinese marketing items. The messages were usually a combination of picture and text, video and text or a link and text. In a case where a company was linking to its own content, the linked content was also analyzed. The amounts and percentages of different media types in marketing items can be seen in Table 3.3.

**Table 3.3.** *Media types of the marketing items*

<b>Media type</b>	<b>Amount</b>	<b>Percentage</b>
A combination of text and picture(s)	8204	74,2 %
A combination of text and video	454	4,1 %
Only text	774	7,0 %
Only a picture	619	5,6 %
Only a video	1006	9,1 %
Total	11057	100,0 %

The majority of the marketing messages were a combination of text and pictures, with the most usual type being one picture accompanied with a body of text. The items categorized in “only a video” or “only a picture” -categories contained either a video or a picture and a maximum of one sentence of text. The items containing only plain text included items with a body of text accompanied with a link or multiple links to different content.

### **3.3.3 Data collection and analysis**

Due to the nature of the internet content, it was impossible to actually ‘collect’ any material, so in effect the analysis was done as a part of the collection process and only the results of analysis were recorded and time stamped. The analysis of the data was a two-step process and was composed of an inductive step and a deductive step.

The first step was an inductive analysis of the marketing data. This was done by iteratively analyzing one month of marketing items from each company amounting to ~10% of the total material researched. The process was started by analyzing the marketing material of the largest participating company, GE, and creating categories for the different types of marketing material present followed by categorization of the marketing material of the other companies. Naturally, there were many new categories appearing as the process went on but the amount was decreasing as the rules of categorization and the codebook became clearer. The process was then iteratively restarted by reanalyzing all the data to see if the categorization in the beginning was constant with the latest criteria. On the fourth iteration there was no changes made in any of the categorization and thus the inductive step was finished.

The second step was a deductive step composed of the analysis of rest of the available data according to the codebook and categorization made on the first stage. This process took a few weeks to complete, but quite conveniently all the subsequent marketing data fell quite neatly into the categories that were defined in the inductive analysis and no further modifications to the classification system were required.



## 3.4 Validity and reliability of the study

### 3.4.1 Reliability

Reliability refers to the extent to which the data collection techniques and analysis procedures in a study will yield consistent findings (Sauders, 2009). There are two different types of reliability; internal reliability and external reliability. Internal reliability describes the consistency of the research within itself and external reliability refers to the possibility of replicating a study in the same context and obtaining similar results. Easterby-Smith et al. (2008) states that the external reliability of the study can be accessed by answering the following questions:

- 1) Will the measures yield the same results on other occasions?
- 2) Will similar observations be reached by other observers?
- 3) Is there transparency in how sense was made from the raw data?

This study accesses these problems by reporting the research that was done by describing both the content and processes of the data collection and analysis. The main problem in the context of this study is the constant change in the online content and the ability of various parties to untraceably modify the content. The nature of the data itself (usually a combination of text, pictures and/or videos) makes it impractical and impossible to store locally. In the research data, this issue is accessed by time stamping the observations of the data and by using a sufficiently big body of data to reduce the effect of inconsistencies. It is natural that if a similar study will be conducted later, the results will not be entirely the same since some of the existing data might have already been modified or deleted.

Another aspect of reliability is the internal reliability, which describes the consistency of the research within itself. This can be considered an innate problem in a qualitative study, because the data is impossible to define with total accuracy and the observations on specific pieces of information may differ between people and mental state. This problem was accessed in this research by defining a sufficiently unambiguous codebook for the main analysis by inductive and iterative analysis of the research data during the first step of the research process. The issue was further mitigated by complementing the use of qualitative methods with quantitative ones. Still the problem of subjectivity remains in observations that do not strictly fall into the predefined categories, they did not decrease the reliability of this study for in comparison to the total amount of research material, these cases were few and far in between.

### 3.4.2 Validity

Validity refers to whether the findings of a research are really about what they appear to be about and whether the perceived relationships between variables are really causal relationships (Saunders, 2009). Yin (2009) states that validity is a prerequisite for the reliability, for without validity, the study is not relevant for the task even if the reliability is high. A research is valid only if its conclusions are logically justified by its premises. The most common types of validity are internal validity, external validity and construct validity (Cooper & Schindler, 2008).

Internal validity refers to the causal relationships between the variables of the research and serves as a base for strong arguments in the conclusions (Yin, 2009). Internal validity basically examines whether the choice of research methodology is appropriate for the task (Cooper & Schindler, 2008). There are a few methods to improve internal validity, for example pattern matching, building explanation, pointing out differing explanations and using logic models. In this study, the building of explanations was done by comparing the results of the research to the existing literature. If an observation was contradicting, all measures were taken to find a logical explanation for the findings. By properly collecting and analyzing the data, ensuring a high level of correspondence between the observations and the concepts was possible.

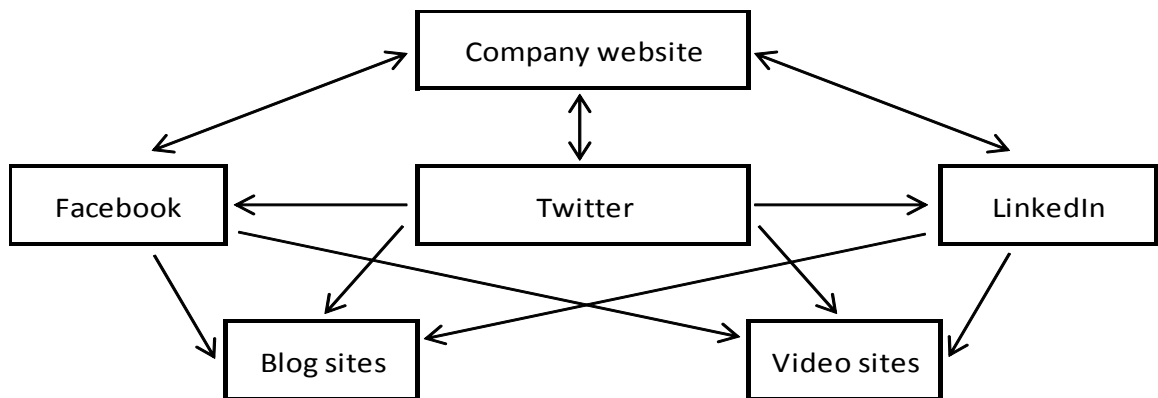
External validity refers mainly to the generalizability of the research data (Cooper & Schindler, 2008; Saunders, 2009). During the research design phase, it is important to take into account the extent to which the research findings are generalizable (Saunders, 2009). This study does not try to achieve a single generalized conclusion based on the material collected, but seeks provide better understanding of the researched phenomena, treating the material from different companies as individual samples but at the same time trying to discover possible trends or patterns.

Finally the structural validity refers to the ability to justify the data collection and analysis methods. The construct validity has a particularly big role in the data collection phase (Gibbert & Ruigrok, 2010). Some authors even state that the construct validity is the part that typically causes a research to fail (Yin, 2009; Gibbert & Ruigrok, 2010). Three different ways to improve the construct validity are proposed: using multiple sources, establishing a chain of evidence, and having key informants review the research (Yin, 2009). In this research, multiple sources are used and they are distributed in a variety of companies functioning on a similar field of business. Even if in most cases direct archival of the research data was not possible, all the observations were time stamped to provide better traceability.

## 4 RESULTS

### 4.1 The structure of online marketing

During the gathering of the data it became apparent that the companies that did have significant online presence outside of their core website used very similar structures in how the different channels were used and interacting with each other. Due to the special characteristics and nature of the channels, it is only natural, that they are being used in a similar fashion.



*Figure 4.1* General structure of interaction between the international online channels

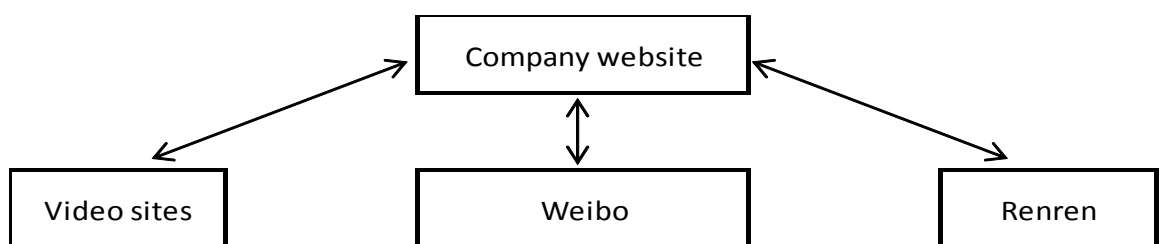
Figure 4.1 shows a general model of how the online channels typically interacted with each other in companies that had a comprehensive presence across the international online channels. The company website was used as the core of their online presence, providing links to the social media accounts of the company. For some companies, blog and video functionality was incorporated to the main website, thus the social media accounts often linked back to the main website in order to link content and videos.

There was distinct difference between how the different social media channels were used. Quite surprisingly, most of the companies were using Facebook and LinkedIn in a similar fashion. Both were used for all kinds of marketing efforts without a clear emphasis in particular aspects. For most of the companies Facebook and LinkedIn both had original content and different messages, meaning that the companies were not just posting the same content across all the channels.

However, twitter was different. While most companies were posting a maximum of one message a day in Facebook or LinkedIn, they were posting a dozen or more twitter messages daily. From the analyzing the items published in twitter, it became apparent that almost none of the companies provided original content for Twitter and it was mostly used as a sort of hub to link all kinds of existing content provided by the company on other channels. Twitter was also most frequently used as a medium to engage in a dialogue with interested parties and potential customers. The style of the conversation was usually very informal and relaxed without much emphasis in doing business. Due to the sheer amount of tweets by the companies, the amount of duplicate data, and the fact that very little original content was provided in Twitter, it was excluded from the in-depth content analysis.

External blog and video sites were used by the companies mainly as a means to store their respective data. YouTube was used as the main provider of video services, Vimeo being a secondary provider for HD video used by a few companies. As for blog sites, the mostly used site was Blogspot, but many of the companies were also using their own internal blogging site often incorporated in their own website. Blog and video sites did not seem to be treated as separate marketing channels but more like as an extension to the social media and website functionality.

From the research data collection perspective, the most interesting channels were Facebook and LinkedIn. The marketing data presented in these channels was easily quantifiable and identifiable by date and topic and they portrayed clearly the aspects of the marketing the companies wished to emphasize.



**Figure 4.2** General structure of interaction between the Chinese online channels

None of the target companies were maintaining an external blog on any of the Chinese blogging websites, so the diagram was simpler for the marketing localized for the Chinese market. In Figure 4.2 it can be seen, that even though most of the companies had some content in the video sites (mostly Youku), none of them referred to their Youku content in either Weibo or Renren and all the channels seemed to be treated separately. After the company main website, Weibo was by far the most prominent of the online media channels for all the companies.

Even though Weibo is considered a micro blogging website similar to Twitter, they are actually very different. Weibo incorporates functionality to directly add video and keep blogs and there is a much higher limit in the amount of characters one message can contain so the way the companies were using Weibo was highly similar to the way they were using Facebook and Twitter. For this reason, it is easy to draw relevant comparisons between these channels.

Out of the 30 researched companies, 17 had and maintained an account in Weibo, each of them having hundreds of messages. Ten companies were using Renren, but the overall their Renren account maintenance was sporadic at best. Even the most active companies had sometimes a few month pauses with no updates. An interesting observation was that out of the companies that had any kind of social media presence on international market, 70% were also making marketing efforts in Chinese social media. However, Weidmuller was a notable exception for even if it had next to no presence in the western social media, it had an extremely well-maintained account in Weibo with close to a thousand followers.

## 4.2 Categorization of the marketing data

During the inductive analysis stage, 18 distinct categories of marketing communications were defined. The emphasis on the categorization was to determine the message a specific marketing item was conveying. There was one item category that could only be observed in the Chinese marketing channels. The categories were as follows:

- Advertising other channels
- Brand promotion
- Conference advertisement
- Conference speech
- Current events
- Employee interview
- Employee praise
- Employees at work
- Employee guanxi (only in Chinese)
- Involving the community
- Product advertisement
- Punch line
- Recruitment advertisement
- Sharing information
- Solution advertisement
- Technology showcase

**Brand promotion** was one of the more prominent categories in both international and Chinese marketing communications. The brand promotion came in two forms, with or without external reference. External reference can be either a customer or a third party. A prime example of a third party reference is when a company receives an award for example because of their initiatives to protect the environment or how they treat their work force. A customer reference is usually used for advertising specific solutions, but in a case that company is working together with a particularly formidable customer in a

large project (e.g. NASA), the company can use this to promote their brand directly as opposed to promoting a particular solution they are supplying. The way companies promote their brands differ, but the way to distinguish it from Solution advertising is that the main topic of these items cannot be pinpointed to a specific solution.

**Solution advertisement** differs from brand promotion by having an emphasis on a specific solution. In order for marketing item to be categorized as solution advertisement, it has to either contain the name of the solution or the specific application it serves. Solution advertisement can also be done with or without a customer reference, but many companies prefer to elaborate on their implemented solutions by working together with their customers to produce marketing material or using them as customer references. Solution advertisement was also one of the largest categories of marketing items.

**Product advertisement** was differentiated from solution advertisement by taking into account the value and complexity of the item provided. All the product advertisements analyzed were still B2B products but they were more of a specific part or a small improvement in an existing system. Companies were using product advertisement to advertise for example pieces of industrial network like hubs, switches and routers and machine spare parts.

**Punch line** is a type of brand promotion usually accompanied by a picture. Punch line can have one or two short sentences at maximum. These types of messages were generally company slogans accompanied with a powerful picture or other types of ambiguous statements that were designed to move people emotionally rather than providing any concrete information. The audience of a punch line can be potential customers, existing customers or company employees. Many of the companies also seemed to engage in a sort of internal branding with the punch line messages.

**Recruitment advertisement** was devised to encompass two different types of recruitment-related messages. The first is a direct recruitment proposal, where a company publishes a link to an open position in social media and expects direct contacts with promising employee candidates. The other is an indirect type of recruitment advertisement that promotes company brand from the perspective of an employee, making the company seem more desirable as an employer. This category can easily be separate from general brand promotion from perspective of the message and the target audience.

All the advertising related to conferences, summits and expos were categorized under **conference advertisement**. There were two perspectives to be found. Either the companies encouraged people to participate in an event or they posted information and pictures about their conference showcase during or after the actual event. This category excluded exhibitions arranged and organized by the company in question because these

kinds of events were more likely to be either brand promotion events or corporate responsibility events.

**Conference speech** was made its own category due to the fact that many companies posted videos of long speeches by corporate officials either as a solo presentation or a panel discussion. The content of these speeches was usually not about the company products or services but more about current events, trends or issues. Environmental responsibility was one of the more discussed topics. The conference speech category differs from employee interview category due to the fact that the speeches under employee interview category were wholly staged by the marketing company itself and not as a part of an external event.

The messages about **corporate responsibility** were about how the companies were striving to improve the community wherever they operate like promoting local healthcare in a low-income country or funding programs at local universities. Many companies also documented their charity work and contributions to various non-profit organizations. However, most of the messages about cooperating with universities like organizing visits for students or giving lectures at a university were not included in corporate responsibility, because they were usually more about recruiting promising students.

There were four categories centered on employees: Employee interview, employee praise, employees at work and employee guanxi. The **employee interview** was the most common one and encompassed employees talking about various topics. Even if all the videos and messages of this type were not strictly interviews, they featured an employee speaking about their work or about current trends or viewpoints. If the employee was clearly advertising a solution or promoting the company, the item was categorized either under solution advertisement or brand promotion. Therefore most of the messages categorized as employee interviews were either an employee sharing information with the viewers about specific technologies or topics or a type of recruitment advertisement featuring an employee talking about what it is like to work for the company in question.

**Employee praise** was a category featuring giving praise for specific company employees for their achievements. Most of the messages involved a third party recognition that was awarded for some of the company employees, but some was also about internally recognizing individuals who had come up with new solutions, innovations or methods. These items usually involved some kind of interview and extra information to also promote the company itself.

One of the more peculiar categories of marketing items was the **employees at work**. It was discovered quite late in the preanalysis stage and was difficult to fit into any existing categories. Still, there were quite a few items of this type posted by various compa-

nies. This type of message only included a picture of usually engineers doing their work with either no description or an extremely short description of what they are doing. In this category there was visible brand promotion or advertising any solution anywhere. It was purely people doing their work.

**Employee guanxi** was a category for some items in the Chinese social media. This type of messaging was only practiced by General Electric but for them it was an integral part of the minor categories of their marketing messages. These messages were directly advertising meetings based on the GE Who do you know- program. Even though the program itself is international, it was only directly advertised in the Chinese social media, thus the category employee guanxi is very fitting for these messages.

There were three categories that were explicitly characteristic for social media marketing: current events, involving the community and comment reply. All of the categories encouraged interaction between the company and the viewers of the channel. **Current event** posts were about yearly occasions like New Year and Christmas or topical events like the death of Nelson Mandela or the typhoon in the Philippines. In these items, the company was voicing their view of the matters or generally commenting on the topic. The main function of these posts was to make the channel more down-to-earth and more in contact with the viewers and the surrounding world.

There were some different ways in which the companies sought to **involve the online community** and engage them in a discussion about topics. The simplest method was to ask a question and wait for the community to respond. Depending on the company and the topic and the question these were either successful ways to start a dialogue or remained ignored. Posting polls was another common method of interaction in this category. Some companies also held online competitions on different topics the largest ones being the ones that had rewards and a follow up meeting or ceremony. The topics of the competitions were usually related to science and engineering, but there were also some for graphics design. A major method of interacting with the community was also to reply to the questions and comments posted by the viewers and engaging in a relaxed dialogue with the community. This can be seen to improve the attractiveness of a marketing channel, encouraging new followers to join.

**Advertising other channels** was the item category that was the most prominent in the Twitter marketing of most of the companies. This was one of the reasons why the content posted on Twitter was not considered as adding sufficient value to the analysis taking the massive increase in data collection time into account if the channel was included. Advertising other channels category can be identified by the fact that the message itself is not adding any extra content to the content it is linking. Mostly these items only contain a link with a short description that cannot be categorized as either brand promotion or solution advertisement.



Finally, there were two categories dealing specifically with content marketing. These categories were “sharing information” and “technology showcase”. The most important condition for an item to belong to either of these two categories was that it did not mention the company brand or its solutions and the content itself was mainly produced for the purpose of being interesting for the viewers and to share relevant new information.

**Sharing information** was considered to be the main category for content marketing. These items were also somewhat challenging to identify, since there are cases there is sometimes only a fine line between brand promotion and pure content marketing. However, most of the cases were sufficiently clear. This category is for messages that sought to share information about scientific, engineering, cultural or environmental topics that the company considered important. By observing these messages, the fields a company tries to excel in and the values it upholds could be clearly seen without a single mention of the brand or its solutions. This was one of the more prominent message categories in the international marketing of many of the target companies.

In the information sharing category, there is plenty of room for different kinds of messages serving different purposes. One of the most interesting things to analyze is how loose connections the content has to have to the company itself in order to be categorized as information sharing and not as brand promotion. In a way these two categories are on different ends of a same continuum and the overall strategy of the company is the main influencing factor in how tightly the information has to be related to the company in order to serve its purpose.

**Technology showcase** was a future-oriented subcategory of content marketing. It was separated from general information sharing due to the volume of messages belonging to this category. A typical technology showcase message either introduces possible future trends or features new emerging technologies that are not yet at a viable stage for larger scale production. These messages signal what the companies are trying to achieve and what they consider key technologies and trends. These messages also promote the brand of the company without ever mentioning it.

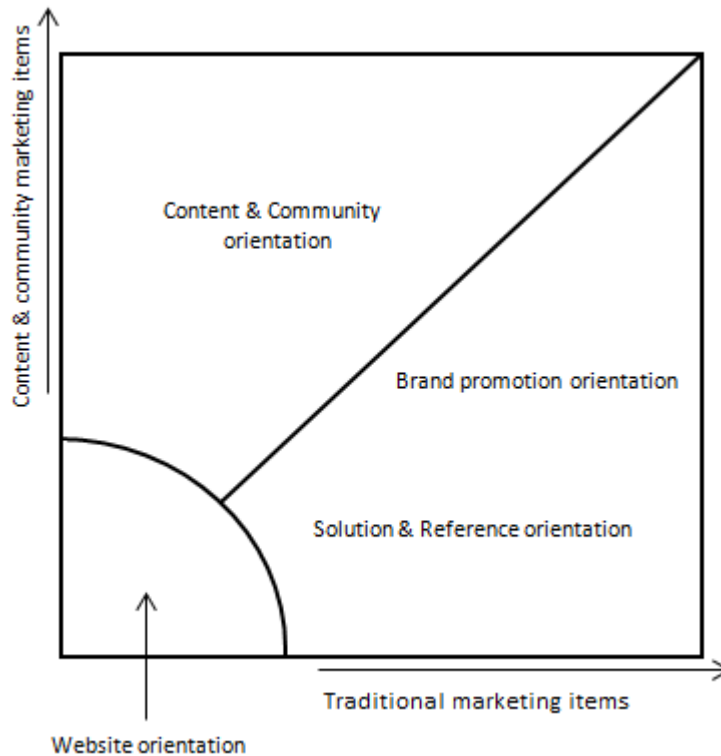
### 4.3 Framework of the marketing strategies

From the research data it became apparent that just stacking up and analyzing the research data with the purpose of trying to find a generalized marketing strategy would serve no purpose. Even though all the companies were operating on a similar field of business, they seemed to be pursuing remarkably different online marketing strategies. It was clear that all the companies were pursuing their own strategy aligned with their goals. However, the research data revealed that even if the strategies were different, there were enough similarities to create a framework of typical strategies.

The research data revealed four distinctly different approaches to online marketing. These were content and community oriented marketing, solution and reference oriented marketing, brand promotion oriented marketing and website oriented marketing. The first three strategies involved the usage of social media to some extent and the last strategy was that of the extremely website-centric companies that were not extensively utilizing online channels outside their core website. The creation process of the framework was as follows.

18 different categories of marketing items were found during the inductive phase. These categories were divided into two main categories; the traditional marketing items and the content and community marketing items. Content and community marketing encompasses four item categories: sharing information, involving the community, technology showcase and current events. All the rest of the items were categorized under traditional marketing.

The basis for this division was the fact that the items belonging in content and community marketing are closely related to content marketing and address the online community while the traditional marketing items directly promote the brand or solutions of the company. What makes content and community marketing items different from the more traditional ones is the fact that in a way they treat the potential customers as audience to be entertained. By arousing the interest of the online community, they seek to gain visibility and value for their brand indirectly. The framework for the division of strategies can be seen in Figure 4.3 and the positioning of the companies on the grid can be seen in Figure 4.4.



**Figure 4.3.** Framework for defining the marketing strategies

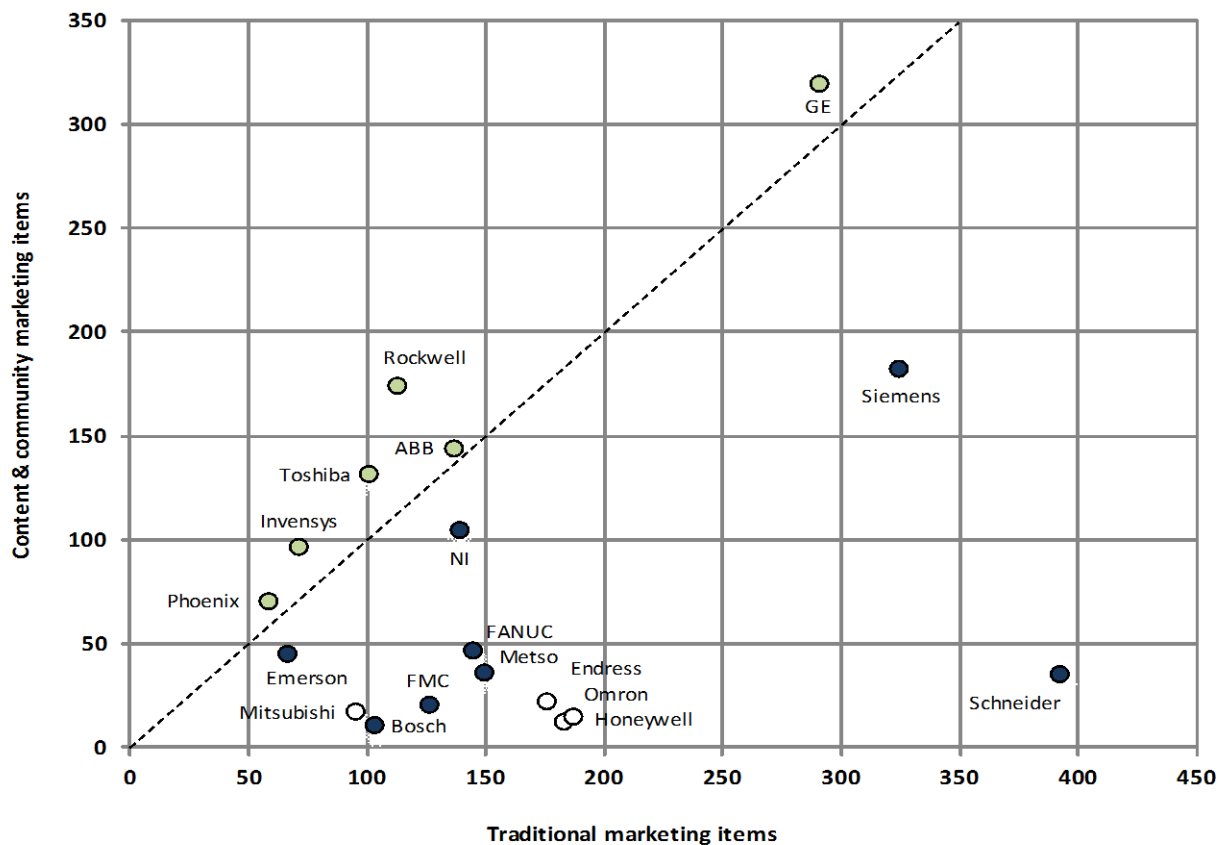
The figure 4.3 shows the division of marketing strategies in the framework. A company was considered to pursue content and community oriented strategy if more than half of the items posted by the company were of content and community category. Having such big a proportion of content and community oriented messages can be considered a characteristic of this strategic orientation since most of the researched companies had a very low proportion of content marketing items in their marketing communications. If the company had less than 50 messages of any category in the researched channels, the type of its social media strategy could not be reliably determined and it was considered to be website oriented.

Merely determining the portion of traditional marketing items was not enough to determine if the company was pursuing brand promotion oriented strategy or solution and reference oriented strategy, so another comparison had to be made. If the company had more brand promotion items than solution advertisement items it was considered to be brand promotion oriented and if it had more solution advertising than brand promotion, it was solution and reference oriented. This kind of steep division can produce ambiguity, but in the target companies, the differences were pronounced and there were no borderline cases. The division can be seen in Table 4.1.

**Table 4.1.** Division of brand promotion and solution & reference orientations

Company	Brand promotion	Solution advertisement	Strategy
Siemens	126	92	Brand promotion
Honeywell PS	24	104	Solution & Reference
Emerson PM	18	13	Brand promotion
Schneider Electric	156	50	Brand promotion
Metso	64	44	Brand promotion
Bosch Rexroth	46	41	Brand promotion
National Instruments	45	59	Solution & Reference
Mitsubishi Electric	10	60	Solution & Reference
Omron	68	104	Solution & Reference
FANUC	75	24	Brand promotion
FMC	60	37	Brand promotion
Endress+Hauser	35	112	Solution & Reference

Table 4.1. shows the amount of brand promotion items and solution advertisement items for each company that had more items in the traditional marketing category than in the content and community marketing category. Emerson process management did not have a huge proportion of either brand promotion or solution advertisement items, but it did have 25 conference advertisement items that can also be categorized as brand promotion so categorizing it as using brand promotion strategy is valid.

**Figure 4.4** Positioning of the companies on the grid

In Figure 4.4 all the companies with over 50 total marketing items in the researched channels have been placed according to the amount of content & community and traditional marketing items. The numbers represent the real amount of messages posted during the year 2013 with the exception of General Electric. General Electric had so many items that for the sake of making the figure more illustrative, the amount of its items was divided by half. In the figure, the companies marked in green are the ones pursuing content & community oriented strategy, the ones marked in blue were pursuing brand promotion strategy and the ones marked in white were solution and reference oriented. It can be seen that even though it is impossible to differentiate between brand promotion orientation and solution & reference orientation based on this figure alone, all the solution & reference oriented companies were without exception utilizing a very low amount of content marketing.

As stated before, if over half of company's marketing items are content & community oriented, it is undoubtedly pursuing a community-centered strategy. However, there are two borderline companies, namely Emerson Process Management and National Instruments that had relatively high amount of content & community oriented items but remained under the threshold. It could be argued that the strategies of these companies do not fall so neatly under the four presented categories because it is difficult to determine relevant breaking points for the values. However, for the purposes of this research, the difference between the six companies that were defined as pursuing content and community oriented strategy and these two borderline companies is large enough.

Table 4.2 shows all the companies and their respective marketing strategies. As a recap, the conditions to that have to be met in order for the company to be categorized under a certain strategy were as follows:

**Website orientation:** The company has less than 50 marketing items in all the researched channels combined.

**Content & community orientation:** More than half of the marketing items of the company belong to "sharing information", "technology showcase", "current events" or "involving the community."

**Brand promotion orientation:** More than half of the marketing items of the company are considered to be traditional marketing. The company has more brand promotion messages than solution advertisement messages

**Solution & reference orientation:** More than half of the marketing items of the company are considered to be traditional marketing. The company has more solution advertisement messages than brand promotion messages.

**Table 4.2.** *The international online marketing strategies of the companies*

<b>Company</b>	<b>International strategy</b>
General Electric	Content & community
Siemens	Brand promotion
Hitachi	Website
Toshiba	Content & community
ABB	Content & community
Honeywell Process Solutions	Solution & reference
Mitsubishi Electric	Website
Emerson Process Management	Solution & reference
Schneider Electric	Brand promotion
Danaher Industrial Technologies	Website
Metso Automation	Brand promotion
Fuji Electric	Website
Bosch Rexroth	Brand promotion
Cameron Valves & Measurement	Website
Omron	Solution & reference
Rockwell Automation	Content & community
FANUC	Brand promotion
Flowserve	Website
FMC	Brand promotion
Invensys	Content & community
Yokogawa Electric	Website
IMI Plc	Website
Ametek	Brand promotion
Endress+Hauser	Solution & reference
Azbil	Website
Phoenix Contact	Content & community
Spectris	Website
National Instruments	Solution & reference
Weidmüller	Website
MKS Instruments	Website

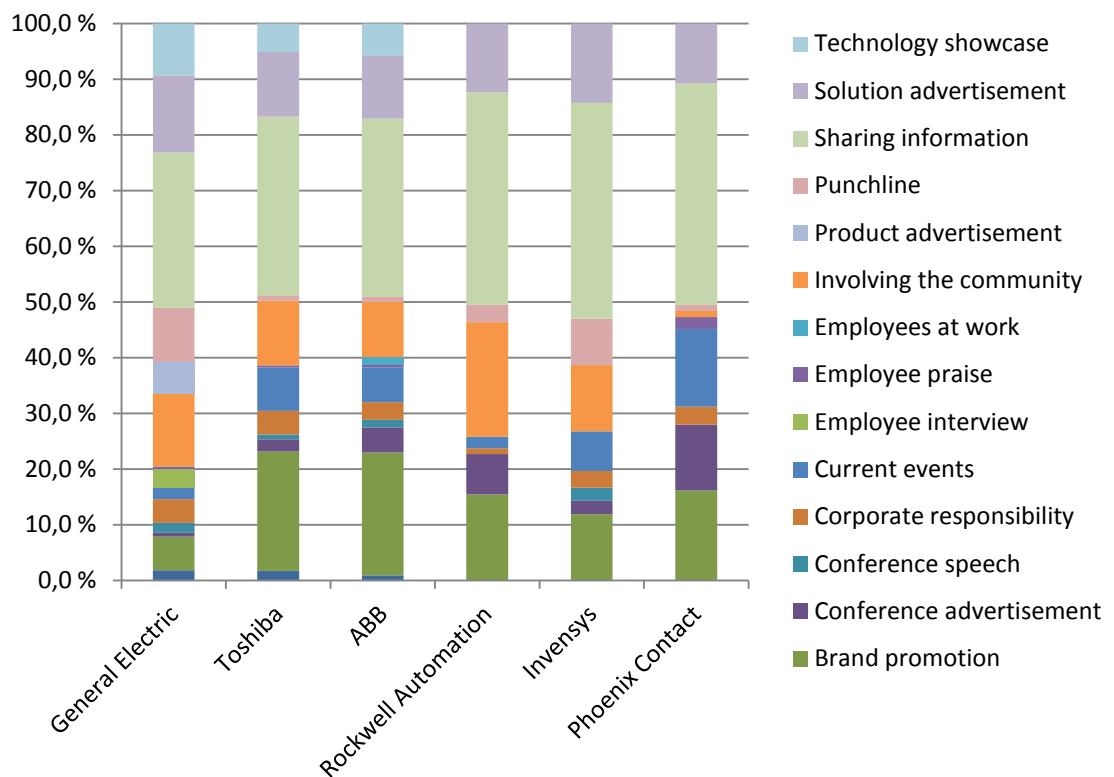
A total of 6 companies were categorized as pursuing content and community oriented strategy. 7 companies were focusing on brand promotion, 5 companies were using solution & reference oriented strategy and 12 companies had little activity in all the researched channels and were thus categorized as website-oriented.

The framework has so far not justified the name solution and reference orientation as opposed to being just solution orientation. However, the companies pursuing this strategic orientation were without exception also investing in the extensive use of customer references in their solution advertising. The thorough analysis of this and the other strategies follows next.

## 4.4 Analysis of the strategic orientations

### 4.4.1 Content and community orientation

Content and community orientation is the type of marketing strategy that focuses on marketing through providing interesting content for the community. In this type of marketing the marketed brand and the company is visible, but does not take the center stage. The actual brand promotion is accomplished mostly indirectly by getting the community involved and arousing people's interests in a variety of topics. This is done by producing original content, sharing relevant information or involving the online community through various activities. Distributions of marketing items for companies pursuing this type of strategy can be seen in Figure 4.5.



**Figure 4.5.** Distributions of items in content & community oriented companies

A total of 2231 marketing items analyzed in Figure 4.5. The amounts of marketing items analyzed for each company were as follows:

General electric:	1221	Toshiba:	145
ABB:	281	Rockwell Automation:	287
Invensys:	168	Phoenix Contact:	129

Figure 4.1 shows that the all in all the distributions for companies using the content and community oriented strategy were quite similar. The companies were using roughly

32%-40% of their posted marketing items for sharing information, but only the three largest companies are showcasing future technology. This may be due to the fact that producing this type of content is a big investment in comparison to merely sharing information. For technology showcase the company needs to have some relevant prototype or technology to show and document it in a way that interests the community.

The proportion of solution advertising remained at around 10% for all the companies, but there were larger differences in the proportion of brand promotion and it ranged from 6% to 22%. The only notable exception in this category was Phoenix Contact that did not have a lot of community involvement, but had nevertheless the largest proportion of content marketing of all the companies.

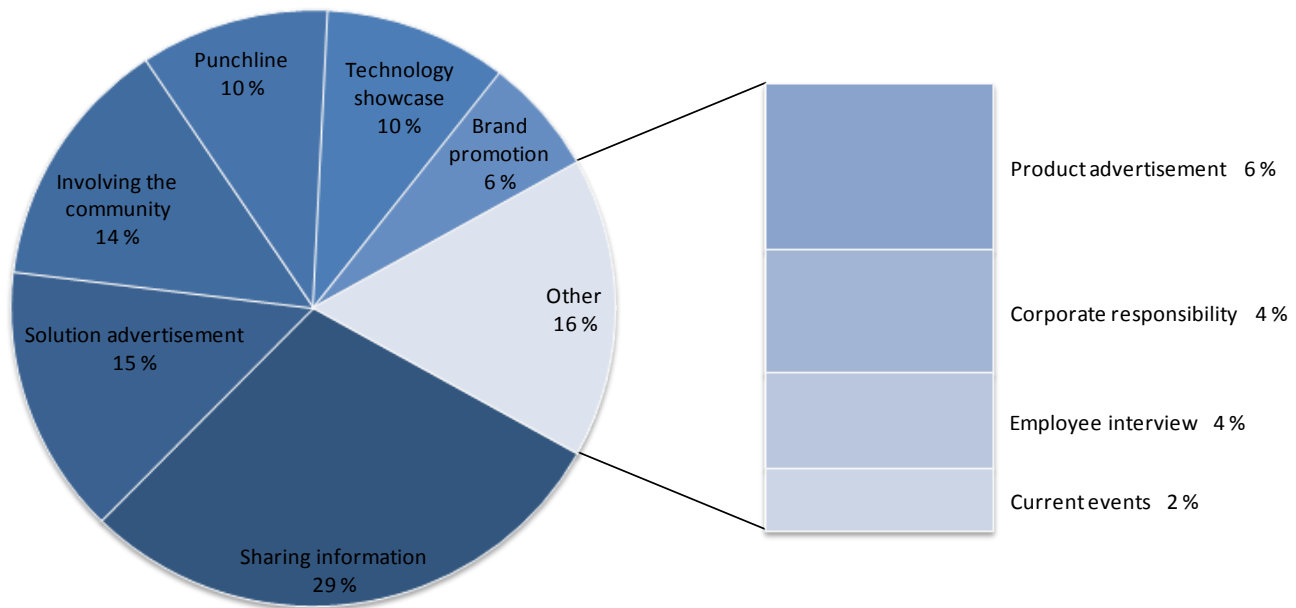
In Comparison to the brand promotion oriented and solution oriented marketing strategies, this type of marketing can be distinctly identified by the fact that emphasis is put on the viewers rather than company itself or the solutions it provides. The main idea of the inbound marketing is the fact that if you provide content that is interesting enough, the customers will come to you and the following interaction is dictated by what the customer needs instead of what the company has to offer. Both content and inbound marketing rely on marketing by the community itself. As the community grows, so does the amount of external connections they have and the audience that the marketing is able to reach.

The best achievement of this kind of marketing is to produce a viral video or message. This type of video becomes self-sustaining and achieves more exposure than any type of marketing effort is normally capable of. The only viral brand promotion videos in this research were released by General electric and each of them reached an audience of 800 000 to 1 700 000 viewers. Ten times larger than all the online marketing efforts of some of the smaller companies combined. Out of the researched companies, General electric also produced the only viral video on the Chinese video service Youku, gathering over 500 000 viewers (General Electric – Youku, 2013).

The downside of trying to produce viral messages nowadays is that it is extremely difficult and the result is unpredictable. Nowadays it is usually also a considerably large investment to produce a video of sufficiently high quality to arouse the interests of larger crowds. The efficiency of the marketing is also not very high since most of the people that end up seeing the messages are not relevant to the company and those people seeing the message will not produce any visible benefits for the company even if the exposure itself is massive. All in all, trying to produce viral material cannot be considered a reliable strategy and has to be treated as a positive anomaly that in case of a project business company can only be achieved sporadically at best.



### Distribution of international marketing messages - GE



**Figure 4.6.** Distribution of General Electric's international marketing items (N=1616)

General Electric was the largest company in the research. It also had the largest amount of marketing items by far, having twice the amount of items of Siemens (the second largest company). Because of the large amount of marketing items analyzed for GE and the fact that it was pursuing an extremely balanced strategy, it warrants further analysis.

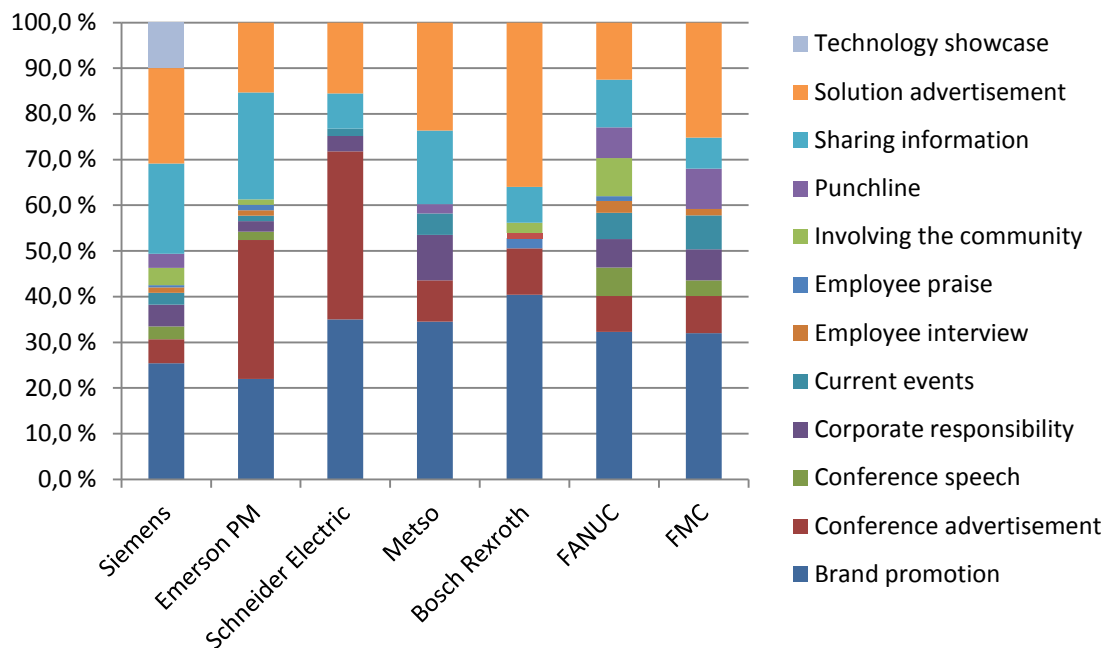
The detailed distribution of General Electric's marketing items can be seen in figure 4.6. As for all the companies in this category, a large portion of General Electric's marketing messages are content marketing oriented. Content marketing and community involvement categories take up over half of all the marketing material posted. The amount of brand promotion and product advertisement messages are surprisingly low. The former suggests that GE considers the other content to sufficiently promote GE's brand and values indirectly. The latter implies that even though GE produces a lot of consumer goods, they wish to use these channels for project marketing above anything else.

The main aspect that separates content marketing and inbound marketing from the more traditional types of project marketing is the fact that they take the kind of marketing usually employed by B2C companies and use them to gain visibility and improve the company brand image in B2B environment. Therefore most of the marketing is based on visualization and mental images instead of relying solely on factual material. In GE's marketing material this is explicitly visible for much of the material produced by GE were stories and elaborate videos made with huge budget and contained almost no technical details.

Because of the amount of indirect brand promotion through content marketing, the direct brand promotion in content and community oriented strategy is generally more straightforward and less elaborate than in the other types of marketing strategies. This means that the companies are mainly using short, simple or catchy messages and punch lines for the actual brand promotion. Indeed, also in the GE case, the amount of punch line messages is almost twice the amount of more elaborate brand promotion messages.

#### 4.4.2 Brand promotion orientation

For the researched companies, brand promotion orientation was by far the most widely used online marketing strategy. It is a flexible strategy that can take a variety of forms. Compared to the content and community oriented or solution and reference oriented strategy, the company itself takes a far more central role in the marketing messaging. The emphasis is laid on what kind of values the company has and how they are portrayed in the work they do.



**Figure 4.7.** Distributions of items in brand promotion oriented companies

A total of 1659 marketing items analyzed in Figure 4.7. The amounts of marketing items analyzed for each company were as follows:

Siemens:	507	Emerson PM:	89
Schneider Electric:	448	Metso:	161
Bosch Rexroth:	115	FANUC:	192
FMC:	147		

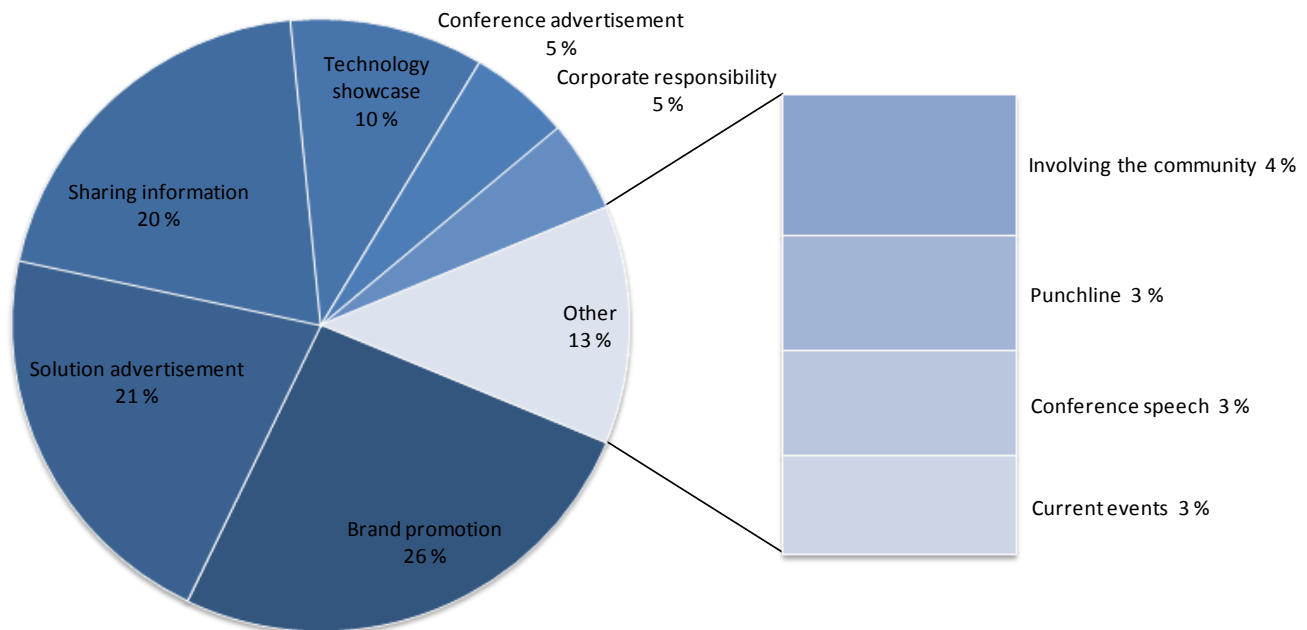
In Figure 4.7 the main item categories that can be considered as brand promotional are “brand promotion”, “punch line” and “corporate responsibility” the proportional amount of these items vary from 33% to 47%. An exception was Emerson Process Management that only had a proportional amount of 24%. Emerson also had quite a lot of content marketing (23%). However, Emerson was not very active in social media and had only a combined amount of 89 items to be analyzed so it was more difficult to accurately define the strategy it was pursuing. With the amount of content marketing it has it was one of the two borderline cases (another being National Instruments) that could be considered as using a hybrid strategy.

Schneider Electric was heavily emphasizing advertisement of its conference participation and had the highest ratio of conference advertisement items of all the companies (37%). Bosch Rexroth had a very traditional marketing mix emphasizing both brand promotion and solution advertising (with a slight emphasis on brand promotion) while having an extremely small portion of anything else. Siemens, Metso, FANUC and FMC had quite similar distributions of marketing items.

The main challenge in using this kind of approach online is how to maintain the interest of the community and gain more viewers. For this reason the brand promotion has to be made more elaborate and the cases being outlined more interesting than is the case with content marketing, where the topics are preselected to be interesting for the audience. Typically this is achieved by documenting solutions for cases that were particularly significant or complex and reporting them in a way that keeps the viewers interested by also providing valuable information. In a way this is similar to content marketing, but the difference is that the main subject in the marketing item is still the company itself, rather than an external phenomenon or event like usually is the case with the original content produced by a company using a content marketing-oriented approach.

Many of the companies pursuing this type of strategy are complementing their marketing efforts by extensively using customer references. Customer references can not only be used to advertise solutions, but also to enhance the brand image. For example in the case of Siemens, their extensive cooperation with NASA in designing and implementing the Curiosity is widely used as a part of their brand promotion. Siemens also uses substantially more customer references in its marketing than the other companies. 78% of the solution advertisement messages had an attached customer reference with 44% being the average among the researched companies. Even the companies using a solution and reference oriented strategy did not reach as high a percentage. Also 28% of the brand promotion messages by Siemens referred cooperation with to a prominent customer, with 22% being the average in the research. The marketing message distribution for Siemens is typical for a company emphasizing brand promotion in their strategy. The distribution of marketing messages can be seen in Figure 4.8.

## Distribution of international marketing messages - Siemens



**Figure 4.8.** *Distribution of Siemens' international marketing items (N=819)*

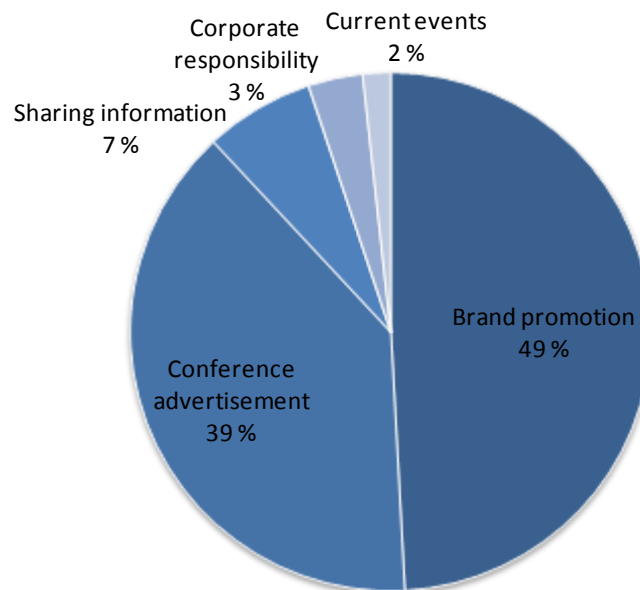
As can be seen from the figure, even if Siemens is mainly focusing on brand promotion, there is a substantial amount of content marketing present. In the information sharing category, there is plenty of room for different kinds of messages serving different purposes. One of the most interesting things that could be observed here was that due to the fact that the most of the marketing items posted by Siemens are already directly brand promotion oriented, the content marketing was done in a lighter fashion and some of the content did not have much relevance to the actual field of business Siemens is operating in but were surely of interest for the followers of the channel.

In a way, this keeps a sort of balance in the marketing efforts by taking into account the fact that if the channel is all about the company itself trying to promote its brand and solutions, it is easy for the current and potential viewers to dismiss it as an advertisement channel and subsequently take little interest in the content it provides. One of the main goals of the modern B2B marketing theory is to take the audience into account when designing the communications as opposed to relying solely on factual material.

Siemens and Metso were the brand promotion-centered companies that had the most balanced approach between content marketing and brand promotion. While they were emphasizing brand promotion, they also had original and shared content as counterbalance. However, many of the brand promotion oriented companies had a different approach. Especially Schneider Electric and Bosch Rexroth were almost solely focusing

on their own company and their own achievements in their marketing messaging. The main difference between the marketing communications of Schneider Electric and Bosch Rexroth was that after brand promotion Schneider was emphasizing and documenting their presence in conferences and expos, while Bosch was emphasizing solution advertising. The distribution of Schneider is detailed in Figure 4.9.

### Distribution of international marketing messages - Schneider Electric



*Figure 4.9 Distribution of Schneider Electric's international marketing items (N=500)*

The figure shows a very heavy bias towards traditional types of marketing communications with little communications with the online community. The community was not accessed directly in any of the messages and there was not a lot of content shared that was unrelated to the company. It can be argued that this type of marketing does not correspond to the modern marketing theory, but then again, when people find the company marketing channels, they mostly come there mainly out of curiosity to find information about the company and their offering. For this purpose, this kind of marketing is more than adequate.

However, focusing solely on brand promotion has the downside of providing no incentive for the community to share forward any of the messages and thus misses an opportunity for free increase visibility. By analyzing the content it became readily obvious that the company was focusing on other types of marketing, particularly taking part in conferences and expos to access these shortcomings. Also, the lack of content marketing did not seem to have effect in the amount of followers Schneider channels had in both Facebook and Twitter. However, due to the mechanics of Facebook, it is impossible to

determine the amount of people that are actually seeing Schneider's messages in their news feed.

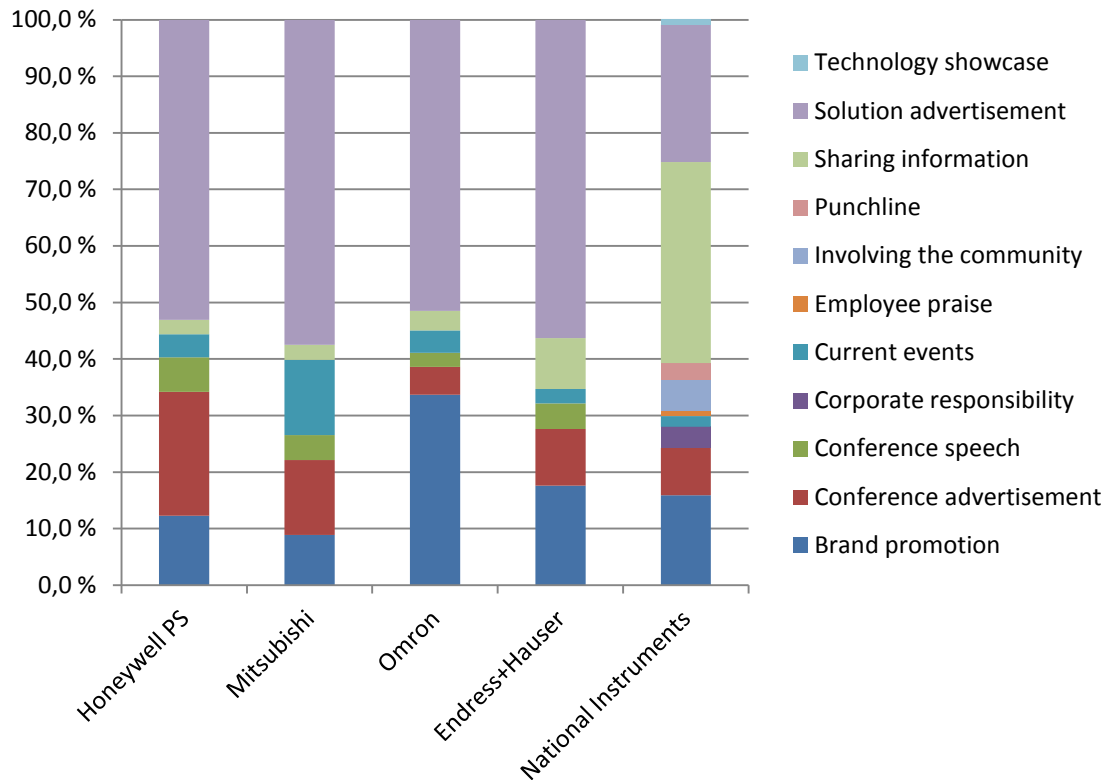
#### **4.4.3 Solution and reference orientation**

Solution and reference oriented marketing can be considered as one of the most traditional ways of marketing for project business companies. However, out of the researched companies only three were pursuing this type of social media strategy. It is a very professional approach that relies on the viewers being professionals who understand the problems and the solutions. Rather than focusing on the viewers or the company itself, this type of marketing emphasizes what the company actually does, what projects they have implemented and for who.

The reason this category is named solution and reference orientation is because the companies in this category were emphasizing the use of customer references in their solution advertising. The average percentage solution advertisement items that included customer references for all the researched companies was 44%, including Siemens, that had utilized customer references in almost all (78%) of their solution advertisement messages. In the solution and reference oriented companies, the average usage of customer references was 55% (based on 439 analyzed solution advertisements) and therefore is substantially higher than the amount of customer references used by the other companies in average.

Solution-based marketing strategy requires reliance on customer references in order to be relevant for the viewers. If the companies were only to advertise their solutions without sufficient customer references, the advertising would risk redundancy and would not be very interesting even from the perspective of the potential customers. However, all the five companies following the solution and reference oriented approach were also extremely large actors in the industry so their marketing might attract customers even without the explicit use of customer references due to their large existing customer base.

Solution and reference oriented marketing relies almost completely on facts and there is only little room for conceptual messages or emotion-based marketing. The aim of this approach is to establish the company as a reliable provider of solutions for a wide range of problems in its field of business. By extensively recording and documenting implemented projects and working together with the customers the company seeks to establish a respectable online portfolio. Distributions of marketing items for companies pursuing this type of strategy can be seen in Figure 4.10



**Figure 4.10.** Distributions of items in brand promotion oriented companies

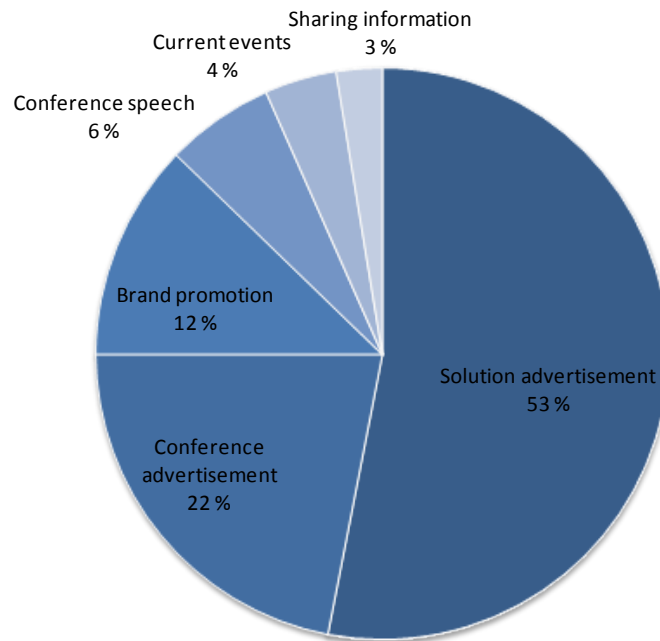
A total of 832 marketing items analyzed in Figure 4.6. The amounts of marketing items analyzed for each company were as follows:

Honeywell PS:	196	Mitsubishi:	113
Omron :	202	Endress+Hauser:	77
National Instruments:	244		

All the companies with the exception of National Instruments had over 50% proportional amount of solution advertisement items. As stated before, National Instruments also had a high proportion of content marketing and thus it cannot be considered to be purely utilizing solution and reference oriented strategy. For all the other companies the distributions of messages were quite similar with the main difference being the amount of emphasis put on conference events and expos. Omron was utilizing a very straightforward strategy focusing mostly on simple brand promotion and solution advertising.

An interesting observation from the distributions is that none of the companies are interacting with the community very much and the only community interaction category with significant amount of messages was the “current events” category for Mitsubishi. Then again, solution and reference orientation relies on very traditional marketing so the emphasis is not in interacting with the community but in showcasing the offering of the company.

### Distribution of international marketing messages - Honeywell Process Solutions



**Figure 4.11** Distribution of Honeywell PS' international marketing items (N=240)

Figure 4.11 details the distribution of marketing items of Honeywell Process Solutions. It can be seen that compared to the companies using content and community orientation or brand promotion orientation, there is a lot less variety in the marketing items. The three largest message categories cover almost 90% of all the items and the figure is heavily biased towards the two largest categories. In order to make this type of marketing interesting for the viewers, most of the solution advertisements need to contain customer references or elaborate stories about how the solution solves a particular problem. Usually the solution advertisement messages begin with the problem description and follow by offering a solution. In the case of Honeywell Process Solutions, the solution advertising is augmented by free webinars offered by the company. The webinars are discussing problems that the company considers interesting and describes the solutions offered in detail. Any interested parties can participate in the webinars, but they seem to be mostly aimed for existing and prospective customers.

Honeywell Process Solutions is also heavily present on wide range of conferences and expos and regularly advertise their stands and exhibitions, inviting people to participate in an event and discuss with the representatives of the company. Participating in conferences and advertising them complements solution advertising and fits the solution and reference oriented marketing well. For this reason, even though all the large project business companies are present on a wide range of conferences and expos, the compa-



nies engaging in solution and reference oriented marketing of strategy have a particularly strong incentive to also inform about their participation online.

#### **4.4.4 Website orientation**

The most problematic companies from the viewpoint of this research were the companies that were centering their online marketing efforts on their website or on a cluster of websites operated by the company. Due to the diversity of different website structures and different information formats it was impossible to quantifiably analyze these channels. A sufficiently accurate analysis would require employing qualitative analysis methods in a much wider scope than is possible considering the constraints of the research.

Some of the website-oriented companies also had a limited and sporadic social media presence and Hitachi for example had a quite active twitter account. However, like was the usual case also with other companies, the account seemed to mostly link back to the main website. None of the website oriented companies had presence in Chinese social media.

The overall outlook of the websites of these companies was diverse and clearly the large companies like Hitachi and Mitsubishi had invested a lot more resources in the web design and the smaller companies in the research were relying on the more traditional types of websites. The companies that had the least amount of any kind of online content were Azbil, Spectris and IMI Plc. These companies employed a basic web design that provided all the necessary information for the potential customers and investors about the company and its products but had little extra content. None of the three companies had any presence in either international or Chinese social media.

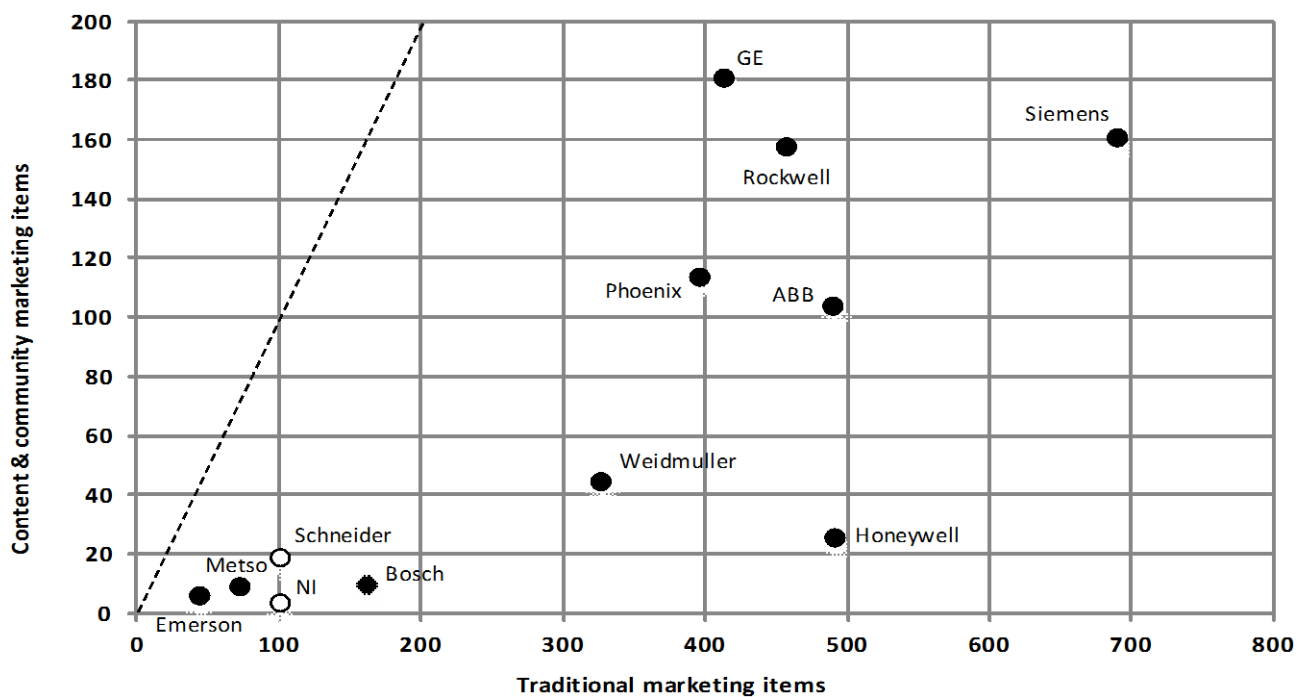
The main downside of companies focusing in building their own web infrastructure outside their own website without utilizing the existing social media channels is the fact that it is actually more expensive and impractical to implement everything without resorting to external platforms. Also it is normally more difficult to gain visibility for the company website, but in this case this downside is diminished by the fact that all the companies are large and known internationally. However, without additional research, any reliable conclusions cannot be drawn from the actual effectiveness of this type of online marketing strategy.

## 4.5 Effects of marketing localization

For the purposes of the marketing localization research, only the companies depicted in Table 4.3 were analyzed. The reason was that the other companies were lacking sufficient marketing material in Chinese social media channels to facilitate a relevant sample size. Table 4.3 outlines the usage of different social media channels by the analyzed companies. Figure 4.12 shows the positioning of the companies on the traditional-content marketing grid in their localized marketing efforts.

*Table 4.3 Channel utilization of the companies analyzed in the localization study*

Company	International channels					Chinese channels			
	Website	Youtube	Facebook	Twitter	LinkedIn	Website	Youku	Weibo	Renren
General Electric	X	X	X	X	X	X	X	X	X
Siemens	X	X	X	X	X	X	X	X	X
ABB	X	X	X	X	X	X	X	X	X
Honeywell PS	X	X		X	X	X	X	X	X
Emerson PM	X	X	X	X	X	X		X	
Schneider Electric	X	X	X	X	X	X	X	X	X
Metso Automation	X	X	X	X	X	X		X	
Bosch Rexroth	X	X	X		X	X		X	X
Rockwell Automation	X	X	X	X	X	X		X	X
Phoenix Contact	X	X	X			X		X	
National Instruments	X	X	X	X	X	X		X	X
Weidmüller	X	X	X			X		X	



*Figure 4.12 Positioning of the companies in the grid*

By analyzing the research material, it could readily be seen that there are significant differences between the companies' international and Chinese localized online marketing strategies. Figure 4.12 Shows that none of the companies were even close to be considered as using content and community oriented strategy. Overall the amount of content marketing utilized was significantly lower in the localized marketing items. Therefore all the companies were categorized in either brand promotion orientation or solution and reference orientation. Table 4.4 shows the division of localized strategies.

**Table 4.4.** *Division of localized strategies*

<b>Company</b>	<b>Brand promotion</b>	<b>Solution advertisement</b>	<b>Strategy</b>
General Electric	242	46	Brand promotion
Siemens	482	104	Brand promotion
ABB	310	134	Brand promotion
Honeywell PS	190	85	Brand promotion
Emerson PM	25	2	Brand promotion
Schneider Electric	32	59	Solution & Reference
Metso	44	18	Brand promotion
Bosch Rexroth	86	53	Brand promotion
Rockwell Automation	347	40	Brand promotion
Phoenix Contact	206	57	Brand promotion
National Instruments	5	74	Solution & Reference
Weidmuller	204	103	Brand promotion

As can be seen in table 4.4, the diversity of different types of strategies in international market was much greater than the diversity of localized strategies. It seems that when it comes to online marketing in Chinese channels, the companies are without exception shifting their marketing strategies towards the more traditional marketing measures. Not only did the overall marketing strategy change for many of the companies, but also the content of the marketing messages and the way companies promoted their brand image.

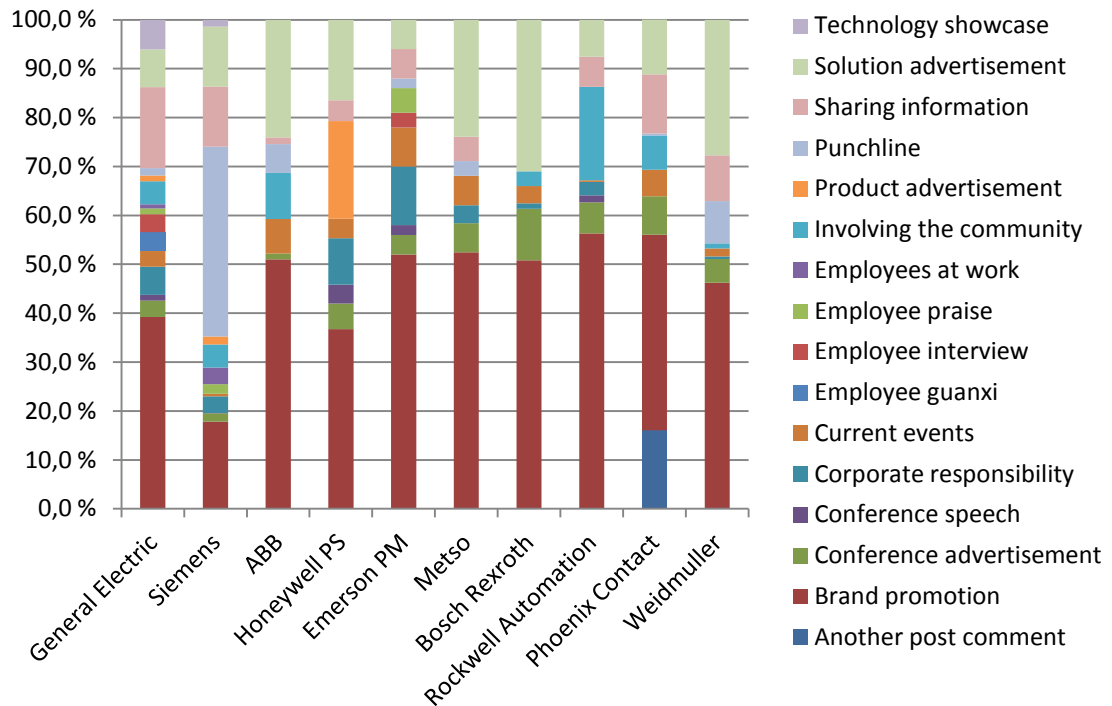
The differences between brand promotion orientation and solution & reference orientation were much more pronounced in the localized marketing and there were no borderline case. Most of the companies were thoroughly brand promotion oriented with little emphasis on solution advertisement. The companies were using customer references for both brand promotion and solution advertising for similar fashion. The main difference was that the companies were putting a great emphasis on domestic customer references. The average amount of domestic customer references was 86% of all the customer references used. In solution advertising, cooperation with prominent Chinese companies was emphasized and in brand promotion, the participation on large government projects took the center stage.

All the companies were solely using Chinese language for all their messages and several had also professionally translated their corporate name and brand into Chinese. In China – like in most of the countries – it is important to use the local language as the main language of communication. Failing to do so would provide an image that the company is not sufficiently committed to the local market. However, in this case in order to make full use of their global brand advantages, they also sometimes want to remind the viewers that they are a leading global actor in the industry. They also periodically emphasized the internationality by publishing statements in English followed by a Chinese translation.

**Table 4.5** *Online marketing strategy orientations of the companies*

<b>Company</b>	<b>International strategy</b>	<b>Chinese localized strategy</b>
General Electric	Content & community	Brand promotion
Siemens	Brand promotion	Brand promotion
ABB	Content & community	Brand promotion
Honeywell process solutions	Solution & reference	Brand promotion
Emerson process management	Solution & reference	Brand promotion
Schneider Electric	Brand promotion	Solution & reference
Metso Automation	Brand promotion	Brand promotion
Bosch Rexroth	Brand promotion	Brand promotion
Rockwell Automation	Content & community	Brand promotion
Phoenix Contact	Content & community	Brand promotion
National Instruments	Content & community	Solution & reference
Weidmüller	Website	Brand promotion

Table 4.5 shows the respective online marketing strategies utilized by the companies in both International and Chinese market. The total amount of Chinese marketing items analyzed for each of these companies ranged from 50 to 937 depending on their activity in the researched channels, with the average amount of messages per company being 401. 4 of the 12 companies had only begun maintaining their Weibo accounts in 2013 and did not have the full year of data available. This lends credibility to the claim that the social media marketing phenomenon is an extremely new trend in Chinese project marketing. If this research was done a few years later, a much higher percentage of the 30 companies would probably have presence in the Chinese social media. The exact distributions of marketing messages can be seen in Figure 4.13.



**Figure 4.13.** Distributions of items in brand promotion oriented companies

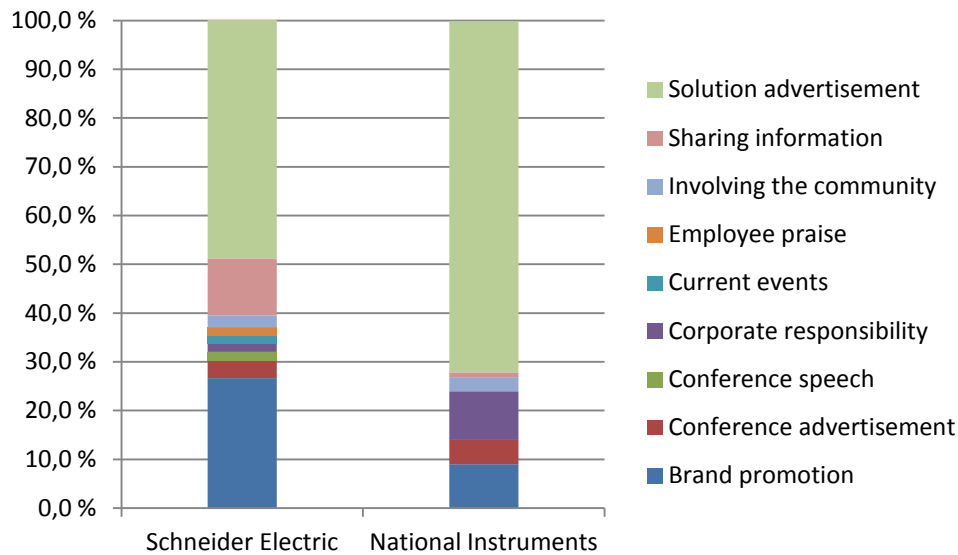
A total of 4541 marketing items analyzed in Figure 4.13. The amounts of marketing items analyzed for each company were as follows:

General Electric:	614	Siemens:	937
ABB:	594	Honeywell PS:	522
Emerson PM:	50	Metso Automation:	82
Bosch Rexroth:	244	Rockwell Automation:	616
Phoenix Contact:	510	Weidmuller:	372

Figure 4.13 shows a huge emphasis on brand promotion categories and also the diminished amount of content marketing in comparison to the international marketing. The proportional amount of messages in the main brand promotion categories (brand promotion, corporate responsibility and punch line) ranged from 41% to 66%. In comparison, the proportional amount of brand promotion in the international channels in the brand promotion oriented companies was from 33% to 47%. This means there was an indisputable emphasis on direct brand promotion when compared to the international marketing. The figure also shows the reduced amount of solution advertising in comparison to the amount of brand promotion.

Comparing the amount of items posted by companies in the Chinese social media, it can be seen that Siemens had by far the largest amount of messages published, averaging at about 78 messages in a month. Particularly interesting observation was that in the case of Siemens, most of the brand promotion was done by the means of daily punch line

messages. The messages were either related to the company slogan or contained contemporary wisdoms and ancient Chinese proverbs with a picture to show how they apply to Siemens or are otherwise relevant.



**Figure 4.14.** Distributions of items in solution and reference oriented companies

A total of 274 marketing items analyzed in Figure 4.14. The amounts of marketing items analyzed for each company were as follows:

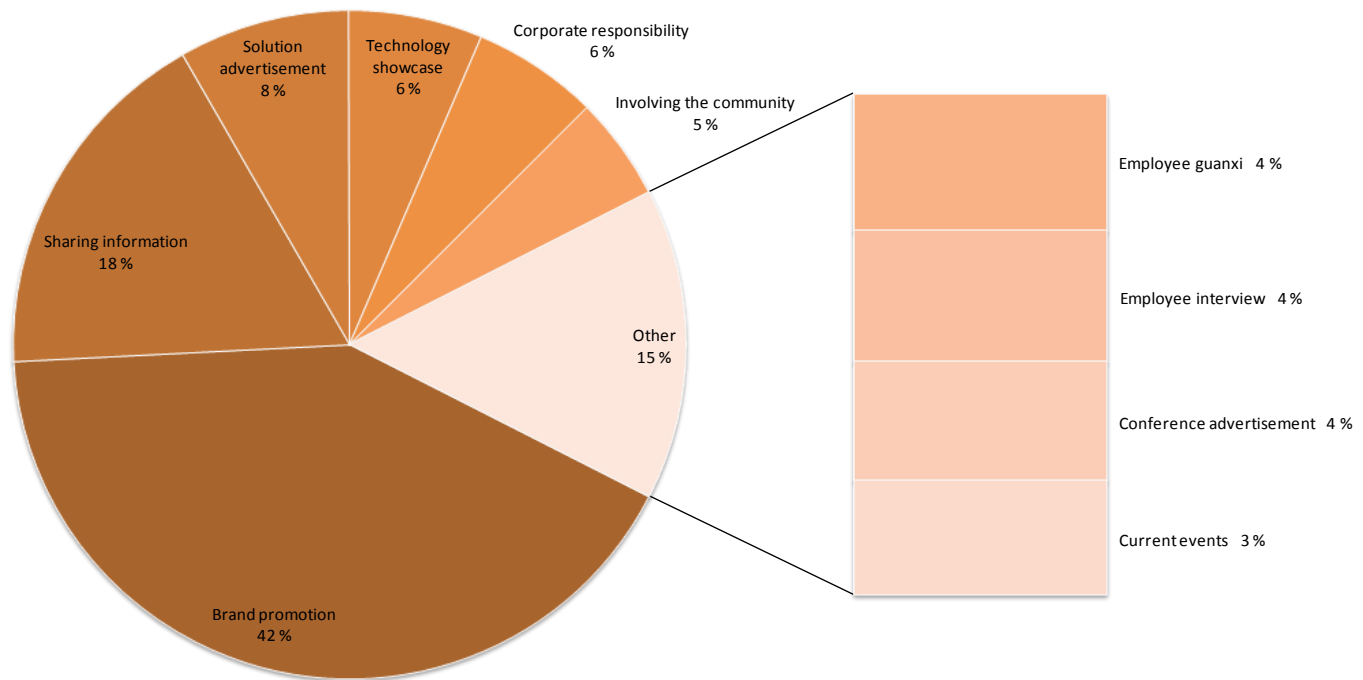
Schneider Electric: 169

National Instruments: 105

Solution and reference oriented companies were a minority in Chinese localized marketing. However, Schneider Electric and National Instruments were both strongly emphasizing solution advertising. Schneider electric also employed content marketing to an extent with 20 (12%) content marketing items. National Instruments on the other hand was emphasizing corporate responsibility as a way of promoting its brand.

None of the companies were pursuing content and community oriented marketing approach in the Chinese social media. Even companies like General Electric and ABB that were highly invested in content marketing in their international marketing communications simplified their marketing strategy a lot when it came to the Chinese localized marketing. In figure 4.15 is the distribution of General Electric's localized marketing messages in Chinese social media.

### GE Marketing in Chinese Social Media



*Figure 4.15. Distribution of General Electric's localized marketing items (N=614)*

General Electric is again used as the first example due to the fact that it is by far the biggest company participating in the study. It also had by far the largest amount of international marketing items while also having a significant amount of localized marketing messages (614). The changes in the market strategy were both typical and distinctive. In General Electric's case, the amount of content marketing dropped drastically in favor of brand promotion messages. Also the amount of community involvement was significantly cut. All in all the aims of the channel became much more straightforward obvious, along with the contents of the messages.

In the case of General Electric, the contents of the brand promotion messages were highly localized and a significant emphasis was based on GE's presence in China and its punch line "In China, for China". The contents of many of the messages were very straightforward. A stereotypical brand promotion message contained a short promotion message, a picture and a link to a specific page on the company website. Examples of some stereotypical brand promotion messages can be seen here:

- GE is one of the most known brands in the world
- GE wants to succeed together with China!
- Find out more about which technologies GE researches solely in China
- Good people doing great things – GE
- Things GE has accomplished in China

- Projects GE has participated in China
- GE & me (a recruitment promotion)
- GE is one of the top 10 healthiest companies to work for in China
- Because of GE, things get done faster, better and more efficiently
- GE employs a lot of women!
- GE has great employees
- GE lights up the world!
- A world without GE (a video)
- New uses for ancient Chinese inventions (a video series)

What is significant in these messages is that they are much more straight-to-the-point than one would expect to see in international marketing channels. A lot of superlatives were used and some messages, like stating that GE employs a lot of women can seem downright ridiculous from the western perspective. However, it only means that the communications GE does are truly in line with what is expected in a certain culture and the messages are designed by professionals.

Similar messages were posted also by other companies to promote their brand. For example Honeywell Process Solutions had multiple messages where they claimed to be “The best automation company in China” And Siemens had a social media campaign that lasted for three months where they posted a punch line message daily, containing contemporary wisdoms and ancient Chinese proverbs and how they apply to Siemens. Bosch Rexroth was emphasizing environmental friendliness and green technology so most of their brand promotion messages were of green color.

However, the most interesting observation was that the marketing messages were not only more straightforward, but they were also more people-oriented. For example in the case of GE, much of their international marketing communications were about science and technology and in the content, the actual technology took the center stage. While the videos were narrated, the narrator was almost never visible. In of pictures and videos posted in Chinese social media, people – be it customers or employees – took the center stage. For example if a video was about a solution, it often was either promoted from the customer’s perspective or contained an interview of the people who had designed it telling how they wanted to make it as good as they could.

Another highlight was the appearance of the employee guanxi -category of messages. These messages were directly advertising meetings based on the GE Who do you know-program. Even though the program itself is international, it was only directly advertised in the Chinese social media. The international websites also did not mention the events so it can be assumed that they are special phenomenon in China. None of the other companies except GE had this kind of messaging so it was company-specific occurrence. However, it can be seen that at least GE has acknowledged the existence of



Guanxi and seeks to improve its image as an employer by helping the employees build their connections.

## 4.6 Effect of country of origin

Interesting correlations could be seen between the companies' country of origin and the marketing strategy they were pursuing. Particularly, all the companies originating from Japan were implementing only website oriented marketing in China, with no considerable presence on social media. Hitachi, Toshiba and Omron had an active Weibo account, but it was solely used for B2C marketing purposes. Overall, the Japanese companies were less likely to have presence on social media than the western companies. Table 4.5 shows the strategic orientation the European companies were pursuing. The orientations of American and Japanese companies can be seen in Tables 4.6 and 4.7.

*Table 4.5 Online marketing strategy orientations of European companies*

<b>Company</b>	<b>International strategy</b>	<b>Chinese localized strategy</b>
Siemens	Brand promotion	Brand promotion (simpler)
ABB	Content & community	Brand promotion
Schneider Electric	Brand promotion	Solution & reference
Metso Automation	Brand promotion	Brand promotion
Bosch Rexroth	Brand promotion	Brand promotion
Invensys	Content & community	Website
IMI Plc	Website	Website
Endress+Hauser	Solution & reference	Website
Phoenix Contact	Content & community	Brand promotion
Spectris	Website	Website
Weidmüller	Website	Brand promotion

*Table 4.6 Online marketing strategy orientations of American companies*

<b>Company</b>	<b>International strategy</b>	<b>Chinese localized strategy</b>
General Electric	Content & community	Brand promotion
Honeywell PS	Solution & reference	Brand promotion
Emerson PM	Brand promotion	Brand promotion
Danaher Industrial Tech.	Website	Website
Cameron v&m	Website	Website
Rockwell Automation	Content & community	Brand promotion
Flowserve	Website	Website
FMC	Brand promotion	Website
Ametek	Brand promotion	Website
National Instruments	Content & community	Solution & reference
MKS Instruments	Website	Website

*Table 4.7 Online marketing strategy orientations of Japanese companies*

<b>Company</b>	<b>International strategy</b>	<b>Chinese localized strategy</b>
Hitachi	Website	Website
Toshiba	Content & community	Website
Mitsubishi Electric	Website	Website
Fuji Electric	Website	Website
Omron	Solution & reference	Website
FANUC	Brand promotion	Website
Yokogawa Electric	Website	Website
Azbil	Website	Website

The tables show that there were even if the Japanese companies have a distinctive emphasis on website oriented marketing, no visible differences between the orientations of European and American companies is to be seen. It is to be expected that these companies have aligned their online marketing strategies with their overall marketing strategy and branding efforts and thus are also pursuing different types of strategy online. Even two of the largest researched companies – General electric and Siemens – were pursuing very different strategies in their international channels.

#### **4.7 The effect of company size**

It could be expected that the smaller companies would have fewer resources to invest into online marketing, so they have to focus their marketing efforts to certain channels. This assumption was somewhat backed up by the results of this research. The research did show a slight tendency for the smaller companies to choose Website oriented marketing particularly when it comes to their marketing strategy in China, but all in all the marketing strategies chosen by the companies did not seem to be affected by the company size. The effect of the country of origin was much more pronounced.

The types of media used in the marketing items were also quite evenly distributed in the companies utilizing strategies other than website orientation. For example any trends in the proportional amount of videos or blog posts could not be observed. The only observable effect the company size had on the marketing items was that only the 4 largest companies in the research (General Electric, Siemens, Toshiba and ABB) had items that could be categorized as technology showcase items. Technology showcase was a future-oriented subcategory and the items introduced possible future trends or featured new emerging technologies. Most of these items were videos with clearly high production values, so the reason these types of items were solely utilized by the largest companies

is probably the fact that producing such content is not viable considering the marketing resources and strategies of the other companies.

The main reason there were no strong correlations between the company size and the types of strategies they were pursuing is undoubtedly the fact that all the target companies can be considered large international actors. For these companies, the resources devoted to marketing are not limited by the availability of the resources themselves, but rather by the type of marketing strategy the company decides to pursue. Therefore it would be a mistake to assume that for example the companies that have a website oriented strategy are using that strategy due to lack of resources. More likely they are just not convinced in the effectiveness of social media channels in project marketing and are emphasizing more traditional marketing efforts.

## 4.8 Consistency of strategies

There were 16 companies that were consistent in their strategies in global and local marketing channels. These companies did not show noticeable changes in the types of marketing items they were posting. The companies are depicted in Table 5.3.

*Table 5.3. A list of companies with consistent strategies*

<b>Company</b>	<b>International strategy</b>	<b>Chinese localized strategy</b>
Siemens	Brand promotion	Brand promotion
Hitachi	Website	Website
Mitsubishi Electric	Website	Website
Danaher Industrial Technologies	Website	Website
Metso Automation	Brand promotion	Brand promotion
Fuji Electric	Website	Website
Bosch Rexroth	Brand promotion	Brand promotion
Cameron Valves & Measurement	Website	Website
Flowserve	Website	Website
Yokogawa Electric	Website	Website
IMI Plc	Website	Website
Azbil	Website	Website
Spectris	Website	Website
National Instruments	Solution & reference	Solution & reference
Weidmüller	Website	Website
MKS Instruments	Website	Website

Table 5.3 shows that a huge majority of the companies with consistent strategies either website oriented or brand promotion oriented. For the website oriented companies, the main reason for consistency is the fact that these companies were not placing much emphasis on online marketing in any of the channels. In the international market they had a

limited online presence and they did not see a reason to change it in their localized marketing.

It should be noted that even if National Instruments seems to have a consistent strategy, the actual distributions of messages are very different. In the international channels, National Instruments was a borderline Content & Community oriented company, but in their localized marketing they were overwhelmingly emphasizing solution advertising (a proportional change from 24,3% to 70,5%) so in the light of this, it's strategy can hardly be considered as being consistent.

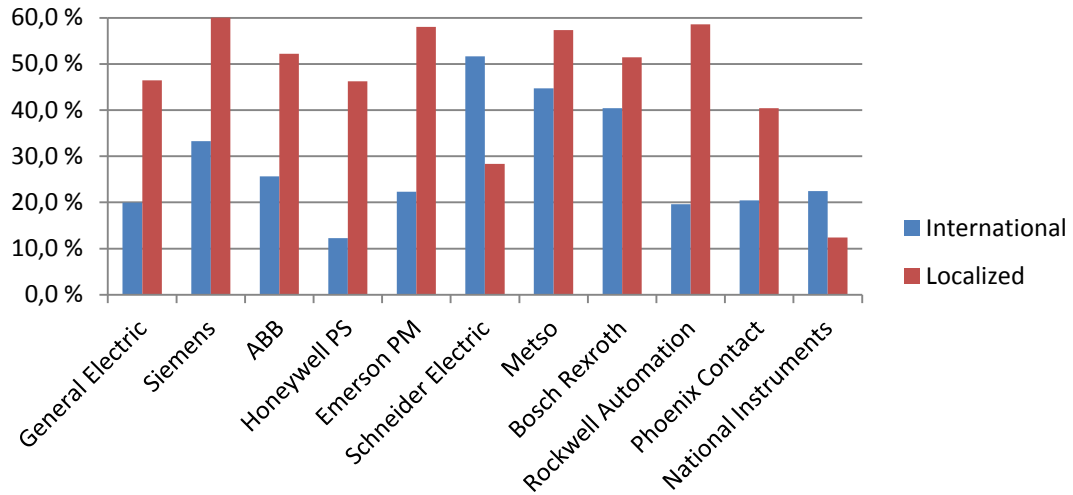
## **4.9 Comparison of international and localized strategies**

### **4.9.1 Emphasis on brand promotion**

There are several observations about the marketing strategies to be made from the distribution data and the actual content of the marketing messages. All in all there were two main trends which were present in the companies' localized their online marketing:

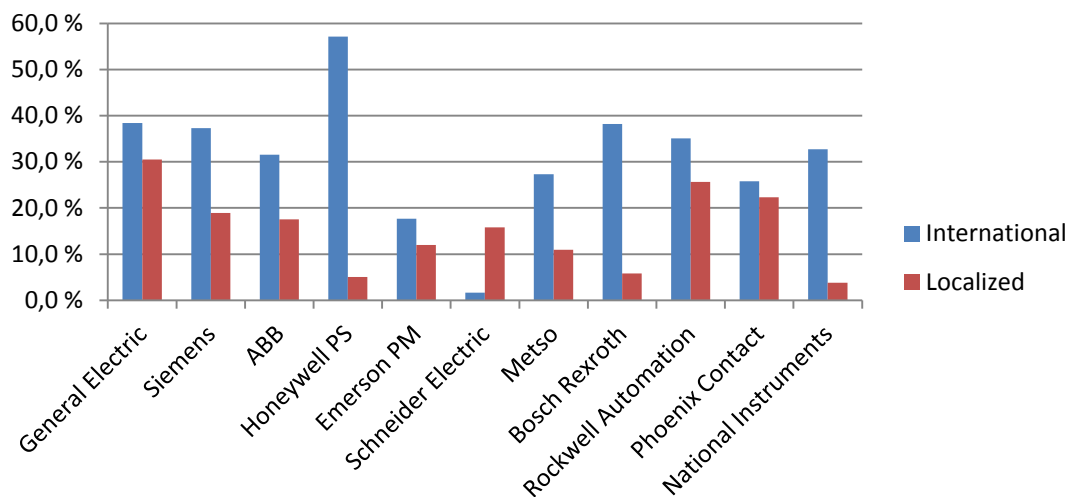
- Emphasis on brand promotion
- Capitalizing on local customer references

The major change in the marketing strategies towards brand promotion was one observation that was readily obvious from the distribution data as seen in Figure 4.16. Even the companies that were utilizing modern online marketing strategies and content marketing internationally pursued much more traditional marketing strategies in China. The same trend was present in almost all of the researched companies regardless of the international strategy. The only companies that were putting less emphasis on the brand promotional items were the ones that switched from a brand promotion oriented strategy to solution and reference oriented strategy. In Figure 4.16 the items that were considered to be directly brand promotional were the ones in categories "brand promotion", "punch line" and "corporate responsibility".



**Figure 4.16.** Comparison of brand promotional items in the marketing channels

As can be seen from Figure 4.17, almost all of the companies employed less content marketing in their localized marketing than in their international marketing. In general, the reduction in the amount of content marketing items was 40% - 70% depending on the company. The most radical change of strategy occurred in National Instruments, where the proportional amount of content marketing messages was reduced by over 97%; from 35% to 1%. National Instruments also dropped most of their brand promotion and instead focused on marketing specific solutions. The companies that maintained the largest proportional amount of their content marketing messages were the two largest companies in the research: General Electric and Siemens, with 17% and 12% proportion respectively.

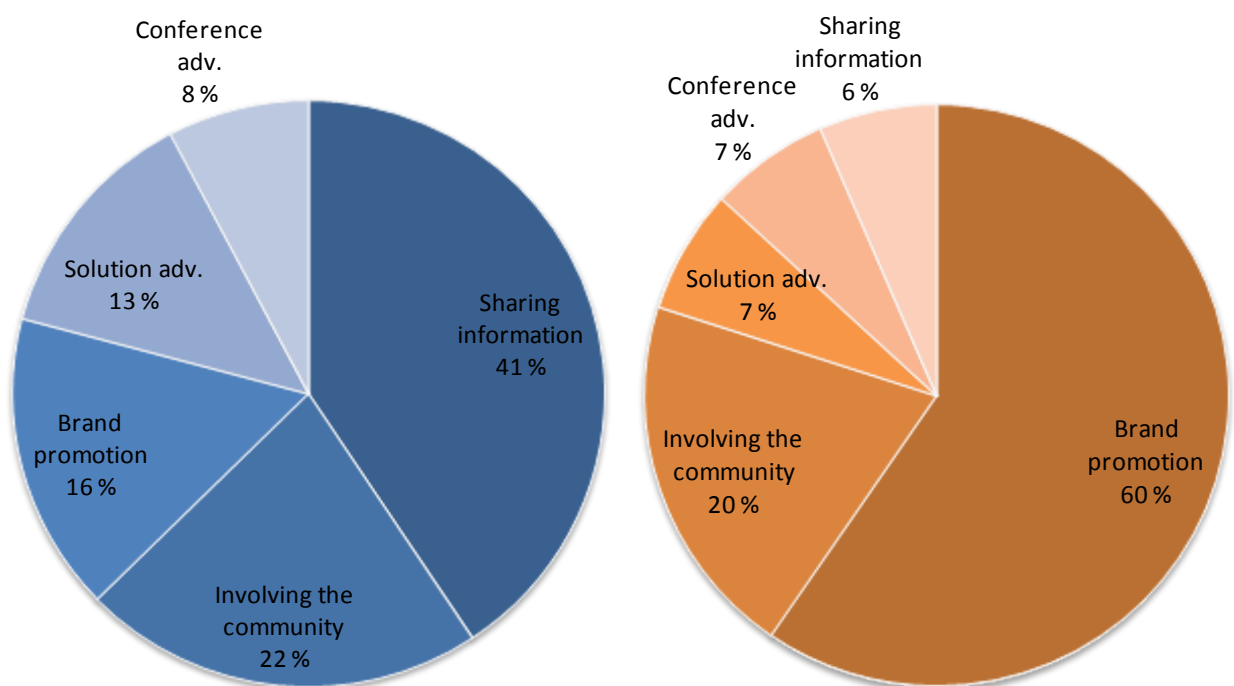


**Figure 4.17.** Comparison of content & community items in the marketing channels

There were two notable exceptions: Schneider Electric and Rockwell Automation. Schneider Electric changed their overall strategy in a similar way National Instruments did, halving the amount of brand promotion in favor of advertising specific solutions. However, Schneider Electric also almost doubled the amount of content marketing they

had compared in their international channels. Schneider's presence in Chinese social media started less than half a year ago so there was not as much data available than for most of the other companies, but in light of their recent material, they utilized a lot content marketing by the Chinese standards.

The case of Rockwell Automation was also quite exceptional. Rockwell Automation was one of the companies that had the biggest proportional amount of content marketing messages in the international social media. They not only had a large proportion of content marketing, but also a large proportion of online community involvement. The distributions of international and localized online messages for Rockwell Automation can be seen in Figure 4.17.



**Figure 4.17** Distributions of Rockwell Automation's marketing items (N=341, N=616)

On the left side of Figure 4.17 is the distribution of international marketing messages and on the right side is the distribution of Chinese localized messages. It can be seen that overall the company made a huge change in strategy towards brand promotion in their localized communications. Compared to the other companies, there was a major difference however. Rockwell Automation had the largest proportional amount of online community involvement items in their international channels and they maintained the emphasis on interacting with the community in their localized marketing. Both their international and Chinese localized marketing channels were very inviting and viewer friendly. It appeared that be it international or Chinese channels, the marketing items were developed from the viewpoint of the audience above anything else. Rockwell's Weibo account was also extremely popular, having a community sizeable

enough to be compared to General Electric and Siemens despite being a considerably smaller a company.

#### **4.9.2 Capitalizing on local customer references**

Similarly to the international marketing, the companies were also using customer references in their solution advertising and brand promotion in China. The usage of customer references in solution advertising was also quite similar to the way references were used in the international marketing. The main difference was that when advertising solutions, mostly local references were used and the use of global (outside China) references was rare. The average amount of domestic customer references was 86% of all the references used.

Due to the important role of *guanxi* in the Chinese society, it might be expected that the companies would place more emphasis on acquiring and showcasing customer references. This assumption was not supported by the findings of the research and no observable difference in the amount of references used in marketing was to be seen in the research data. Some companies were using less customer references than they did in their international marketing, but the reason may be the lack of relevant Chinese customer references and the reluctance of using too many international references in localized marketing.

In using customer references as a brand promotion tool, the significant difference in localized material in comparison to the international material was the fact that the companies who had managed to participate in major government projects in China were capitalizing on it to the greatest extent possible. 93% of the brand promotional messages containing a reference referred to either a government project or an award bestowed on the company by the government. Apparently due to the characteristics of the Chinese society, participation in government projects is viewed as a very strong assurance of the company's ability to function in the local market and of the quality of their work. It also signals that the company has formed valuable connections to people in high positions and can thus be viewed as a valuable business partner also from *guanxi* perspective.

## **5 CONCLUSIONS**

### **5.1 Overview of the research**

The goal of this research was to investigate the large system suppliers' localization of online marketing in China. Most of the online marketing done by the target companies was either direct or indirect project marketing. Some companies also did some small scale product advertising, but the emphasis was strongly on project marketing. For the purposes of this research, it was beneficial to choose the largest international system suppliers as the target companies since large companies had a lot of public online marketing material available.

From the findings of the literature review it could be expected that using social media for project marketing purposes was a relatively new phenomenon. This observation was also verified by this research. Particularly in the Chinese channels, four of the companies had just established their social media presence in 2013. However, all the companies that did have a social media account were actively maintaining it and had an extensive amount of marketing material available.

The research process begun by mapping and defining the structure of the companies' online presence, analyzing the channels companies used and the interactions between them. The second step was to create a codebook and categories for different types of marketing messages to determine the online marketing strategies and enable statistical analysis of the message distributions. The third step was the gathering of marketing data and creating the framework of the marketing strategies. The data was gathered using the social media channels as a base for the data acquisition process, enabling easier quantification and comparison of the data. The fourth step was the localization research, where the strategies and marketing items of the companies in the international and Chinese channels was compared. In the following chapters, the key findings and results of the research will be summarized and discussed.

### **5.2 Chinese marketing environment**

It became apparent that even though the Chinese market is more open for western companies than it has been in the past decades, the western companies and brands are still relatively unknown to the Chinese customers. Therefore in order to succeed in China, the companies first need to properly establish their brand and presence in the local mar-



ket. In china, the local market protectionism is the foremost thing that creates difficulties for foreign companies seeking to enter the market. Each city and region has its own jurisdictions and its own market and brands to protect. Therefore the local brand advantages of the domestic companies are exceptionally high.

In order for the companies to increase their market share and achieve economies of scale, they need to compete with their core brand advantages against the local brand advantages of the domestic companies. This produces the need for extensive brand promotion. The companies not only need to gain visibility for their brand, but also to establish themselves as a viable alternative for the local customers. All this has to be done while trying to not use too much resources to keep the financial commitment and the risks of the investment at minimum.

The first research question was designed to address these issues:

*What kind of special requirements does the Chinese market impose for system suppliers' branding efforts?*

Table 5.1 on the next page summarizes a list of challenges posed by the Chinese market environment and possible means of solving them. As seen from the table, one of the main challenges is that because the Chinese society and business is largely based on guanxi and the market protectionism is strong, just promoting the brand is not enough (Hoskisson, 2000). The company needs to gain sufficient connections to bypass the market restrictions and protectionism and also let the potential clients know the company has extensive enough networks to achieve what they claim to be able to achieve (Child & Tse, 2001). For this reason, domestic customer and project references are extremely important. Gaining domestic clients and working together with them to produce marketing material and to widen the guanxi network is the easiest way to establish a solid position in Chinese market (Gao et al., 2006). The phase where most companies fail is the entry phase, when they are yet to establish sufficient customer base to be profitable, but have invested too much to back off.

The research revealed that the companies were aware of these issues and were not only emphasizing brand promotion, but were also capitalizing on local customer references in their project marketing. In the solution advertising messages of most of the companies, there were only a few global references to be seen and most of the marketing involving them, they were only briefly dealt with by stating that the company is present and known internationally.

Engaging in properly localized brand promotion and solution advertising is a good way to start bridging the gap to the superior local brand advantages held by the domestic companies. By emphasizing local references, the company displays commitment to-

wards the local market and makes itself a more attractive alternative for the local customers due to the superior core brand advantages. It was stated in the literature that if a company in their marketing communications exclusively relied on their foreign references, it can make the brand unappealing for the local customers due to the perceived lack of commitment even if the global brand has superior core advantages (Gao et al., 2006).

**Table 5.1** Challenges posed by the Chinese market and possible ways of solving them

<b>Challenges</b>	<b>Solutions</b>
Western companies and brands relatively unknown	Use brand promotion to increase brand awareness and expand the market
Local market protectionism	Work together with the Local companies that have the networks and know-how to bypass most of the market restrictions.
The company needs to show commitment to the local market without too large investments	Conferences, expos and websites are some of the most preferred means of communications with the Chinese clients. Utilize them.
Guanxi-based society	Hire local professionals for roles in which guanxi networks are crucial. Work together with local actors and participate in guanxi-meetings. Work together with the Local companies to gain access to their networks.
Competing with core brand advantages	The core advantages of the brand should be clearly communicated in the localized marketing.
Bridging the gap in local advantages	Use local customer references in marketing materials. Work together with the Local companies to gain access to their networks and infrastructure.
Lack of trust in online advertising	Can be used as an advantage, because the marketing of western companies is generally perceived as being more reliable.
Troubles enforcing intellectual property -rights	Pay careful attention when choosing the Chinese business partners and take special interest to the exact wording used in the contracts.

Western system suppliers often possess technology and know-how that is lacking in the local market and this is often one of the prime reasons the local companies sign contracts with their western counterparts (Calantone et al., 2011). The important issue here, as depicted by Table 5.1 is protecting the company IP-rights. When entering the Chinese market, losing one's trade secrets and competitive advantage is very common. A solution proposed by Liu et al. (2008) is to pay careful attention when choosing Chinese business partners and special interest taken to the wording in the contracts. However, this by no means removes the possibility of IP-infringements and the risk remains high. The company needs to plan their strategy properly, and takes these issues into account.

Table 5.1 also brings up the issue of lack of trust in online advertising and the difficulties in enforcing IP-rights in China. According to literature, the role of online marketing has traditionally been seen as somewhat irrelevant, but the recent years have seen a slow change in paradigm in the Chinese parts of the internet (Martinsons, 2008). The biggest factor that was slowing the process down is currently the fact that a large part of Chinese people see online advertising and advertising in general as highly untrustworthy communication. The technology has been advancing quickly and the Chinese laws have been unable to keep up. As a result, some of the Chinese marketing material available is inaccurate or can be downright considered as scamming. However, this is only a transient obstacle since as the media environment matures in China; the legislation will undoubtedly be updated to better match the requirements and issues of the modern era.

## **5.3 Localizing marketing communications**

### **5.3.1 Observations about global and local marketing**

The second research question addressed the differences between the global and local marketing items and the differences between the marketing approaches of companies of different origins. Already in the early stages of the research it was concluded that due to the fact that the companies were pursuing different types of strategies, it would not be meaningful to pool all the data of all the companies together and look for general trends. Rather, the companies needed to be handled individually to understand the reasons for particular strategic choices. 12 of the 30 companies had sufficient marketing material in both global and localized context to enable meaningful comparison and localization research and 18 of the companies of the companies had enough material define their international marketing strategy. The second research question was as follows:

*How are the system suppliers communicating their brand in local and global marketing channels?*

- a) What are the key differences between localized and global marketing material?
- b) Is there any distinction between how American, European and Japanese companies approach marketing localization in China?

**Table 5.2** *Online marketing strategy orientations of the companies*

<b>Company</b>	<b>International strategy</b>	<b>Chinese localized strategy</b>
General Electric	Content & community	Brand promotion
Siemens	Brand promotion	Brand promotion
Hitachi	Website	Website
Toshiba	Content & community	Website
ABB	Content & community	Brand promotion
Honeywell Process Solutions	Solution & reference	Brand promotion
Mitsubishi Electric	Website	Website
Emerson Process Management	Solution & reference	Brand promotion
Schneider Electric	Brand promotion	Solution & reference
Danaher Industrial Technologies	Website	Website
Metso Automation	Brand promotion	Brand promotion
Fuji Electric	Website	Website
Bosch Rexroth	Brand promotion	Brand promotion
Cameron Valves & Measurement	Website	Website
Omron	Solution & reference	Website
Rockwell Automation	Content & community	Brand promotion
FANUC	Brand promotion	Website
Flowserve	Website	Website
FMC	Brand promotion	Website
Invensys	Content & community	Website
Yokogawa Electric	Website	Website
IMI Plc	Website	Website
Ametek	Brand promotion	Website
Endress+Hauser	Solution & reference	Website
Azbil	Website	Website
Phoenix Contact	Content & community	Brand promotion
Spectris	Website	Website
National Instruments	Solution & reference	Solution & reference
Weidmüller	Website	Website
MKS Instruments	Website	Website

A framework of online marketing strategies was created as a result of the research. There were four distinct strategic orientations used by companies in international marketing. They were content and community orientation, solution and reference orientation, brand promotion orientation and website orientation. Table 5.2 recaps the general marketing strategies the companies researched were pursuing. It can be observed that particularly that the companies of all strategic orientations were strongly emphasizing brand promotion in their localized marketing.

There was no difference in the amount of customer references used by the companies in international and localized marketing. However, in the localized marketing, the use of customer references was mostly limited to domestic Chinese references and the usage of foreign customers for advertising solutions was rare. As for general brand promotion, participation in government projects and all kinds of cooperation with the government was emphasized. Also if the company or some of its employees had managed to land a Chinese award in some field, it was a major theme in their brand promotion.

Considering the requirements the Chinese market imposes for the companies this can be considered as a natural change. Most of the innate problems are solvable by gaining visibility for the company brand and by working together with the local companies to bypass the market restrictions and to gain access to more extensive infrastructures and networks. In their marketing the companies were emphasizing brand promotion to gain visibility and value for their brand in order to attract a larger customer base and they were capitalizing on their cooperation with local actors by prominently using local customer references in their marketing.

All in all the diversity of different types of marketing strategies was much greater in the international market when compared to the Chinese market. None of the companies were pursuing content and community oriented marketing approach in the Chinese channels. Even companies like General Electric and ABB that were highly invested in content marketing in their international marketing communications simplified their marketing strategy a lot when it came to the Chinese localized marketing.

Brennan & Croft (2012) researched 10 large B2B corporations operating in high-technology sector and concluded that many large companies do not seem to have a unified Facebook marketing strategy and that the companies with more products were using multiple different accounts with the marketing activities appearing to be more individual than corporate. The findings of this study do not confirm these observations. For all of the companies studied, the marketing efforts were both coordinated and consistent within and across the channels.

### **5.3.2 The effect of county of origin**

The ways European and American companies were utilizing the channels were similar and the strategies they were pursuing were diverse. However, there was distinct difference in the amount of online marketing material when comparing companies of Japanese origin to those of European or American origin. None of the Japanese companies could be included into the localization research due to the fact that they were either lacking presence in Chinese or international online channels or both. Most of the companies were pursuing a website-oriented strategy with little online presence outside their core websites. Overall it seems that the Japanese companies were adopting a lot more

conservative and traditional view on project marketing, undoubtedly emphasizing the traditional marketing channels and traditional B2B marketing measures. In the utilization of social media marketing, the European and American companies were far ahead.

The research on the Japanese companies was not deep enough to make any relevant conclusions about the reasons these companies have in pursuing their more traditional marketing strategies. Therefore only the observation that the Japanese project business companies have less online presence than their western counterparts remains. In a way this observation was unexpected since in the premises of the research it was assumed that since all the participating companies were present all around the world, the country of origin would not have much an effect in their marketing strategies. This observation would undoubtedly warrant further research, but it was out of the scope of this study.

### **5.3.3 The effect of company size**

Even if table 5.2 does show a slight tendency for the smaller companies to choose Website oriented marketing particularly when it comes to their marketing strategy in China, the marketing strategies chosen by the companies do not seem to be affected by the company size in a relevant way. The effect of the country of origin was much more pronounced. The types of media used in the marketing items were also quite evenly distributed. For example any trends in the proportional amount of videos or blog posts could not be observed. The only observable effect the company size had on the marketing items was that only the 4 largest companies in the research (General Electric, Siemens, Toshiba and ABB) had items that could be categorized as technology showcase items. Technology showcase was a future-oriented subcategory and the items introduced possible future trends or featured new emerging technologies. Most of these items were videos with clearly high production values, so the reason these types of items were solely utilized by the largest companies is probably the fact that producing such content is not viable considering the marketing resources and strategies of the other companies.

The main reason there were no strong correlations between the company size and the type of strategy they were pursuing is undoubtedly the fact that all the target companies can be considered large international actors. For these companies, the resources devoted to marketing are not limited by the availability of the resources, but rather by the type of marketing strategy the company decides to pursue. Therefore it would be a mistake to assume that for example the companies that have a website oriented strategy are using that strategy due to lack of resources. More likely they are just not convinced in the effectiveness of social media channels in project marketing and are emphasizing more traditional marketing efforts.

### 5.3.4 Consistency of strategies

There were 16 companies that were consistent in their strategies in global and local marketing channels. These companies did not show noticeable changes in the types of marketing items they were posting. The companies are depicted in Table 5.3.

*Table 5.3. A list of companies with consistent strategies*

<b>Company</b>	<b>International strategy</b>	<b>Chinese localized strategy</b>
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Hitachi	Website	Website
Mitsubishi Electric	Website	Website
Danaher Industrial Technologies	Website	Website
Metso Automation	Brand promotion	Brand promotion
Fuji Electric	Website	Website
Bosch Rexroth	Brand promotion	Brand promotion
Cameron Valves & Measurement	Website	Website
Flowserve	Website	Website
Yokogawa Electric	Website	Website
IMI Plc	Website	Website
Azbil	Website	Website
Spectris	Website	Website
National Instruments	Solution & reference	Solution & reference
Weidmüller	Website	Website
MKS Instruments	Website	Website

Table 5.3 shows that a huge majority of the companies with consistent strategies either website oriented or brand promotion oriented. For the website oriented companies, the main reason for consistency is the fact that these companies were not placing much emphasis on online marketing in any of the channels. In the international market they had a limited online presence and they did not see a reason to change it in their localized marketing.

For the brand promotion oriented companies, considering the characteristics of Chinese market, it would not serve any particular purpose to change their marketing strategy anyway since the brand promotion orientation is the one strategy that has been deemed to be most advantageous by most of the companies and is supported by the established literature. See for example Gao et al. (2006) and Hoskisson (2000).

## 5.4 Utilization of the marketing channels

Overall, the amount of marketing material posted by the companies far exceeded the initial expectations and the originally planned 3 year timeframe needed to be reduced to one year. This turned out to be a good choice, because four of the companies had only

begun to maintain their Chinese social media accounts during the year 2013 and therefore limiting the timeframe to year 2013 produced a better balance in the amount of material from each researched company. The third research question was as follows:

*How do the system suppliers utilize the online marketing channels?*

- a) How strongly are the companies present in Chinese social media?
- b) To what extent are the companies engaging in content marketing in China?

Out of the 30 companies, 12 had significant presence in Chinese social media. All of the companies with enough material to be included in the localization research were of either European or American origin. For all of the companies, the main channel of choice in the Chinese online environment was Weibo, with limited activity in Renren and Youku. Unlike in the international marketing channels, there was little to no interaction between the marketing channels. There was interaction between the main website and the social media channels but not a single linkage was observed between the social media channels. The exact reason for this remains unknown.

All in all, the companies who did have presence in the Chinese social media had a surprisingly high amount of marketing material available, clearly produced by a team dedicated in maintenance of the companies' social media presence. The amount of Chinese marketing material analyzed ended up being up to par with the international material. Considering that 4 of the 12 companies had only begun maintaining their social media accounts in 2013, it could be expected that if this research would be duplicated a few years later, most of the 30 companies would have plenty of marketing material available also in the Chinese social media.

The companies were utilizing content marketing in the Chinese social media and were also producing original content as opposed to using the content produced for international marketing and translating it into Chinese. However, the proportional amount of content marketing messages was significantly lower as the companies were focusing on more straightforward types of marketing items. None of the companies were utilizing community and content oriented strategy and almost without exception the amount of both content marketing and community involvement messages was drastically lower in localized marketing messages.

The type of content in the informational messages was highly similar to the content marketing messages the companies were using in the international channels. The content was naturally biased towards issues and specialties of the Chinese society, but there was also a lot of content that dealt with general themes of science and engineering. All in all, in both international and Chinese channels, the content marketing messages seemed to be used for similar purpose of getting the community interested in following



the channel and sharing information about subjects the company considers important or otherwise interesting.

## **5.5 Managerial implications**

Most of the challenges and problems posed by the Chinese market are solvable by emphasizing brand promotion on the Chinese marketing channels, displaying commitment to the local market and working together with the local companies to bypass the market restrictions and gain access to their infrastructure and networks. The researched companies without exception were aware of this and were changing their marketing strategies accordingly towards brand promotion with a strong emphasis on domestic customer references.

The most important observation is that even if the use of social media in project marketing is a very new phenomenon, the largest actors on the market consider as being worth the resources spent. 60% (18) of the companies were utilizing international social media channels and 37% (11) were utilizing both international and Chinese social media channels. The companies can choose what type of online marketing strategy they wish to pursue. In the international channels, the companies were using four different types of strategies as defined by the strategic framework built as a part of the thesis. The strategies were content and community orientation, brand promotion orientation, solution and reference orientation and website orientation, each with their benefits and drawbacks.

Companies seeking to enter Chinese market should carefully consider the challenges local market protectionism and guanxi-based society impose on their business and choose their strategy accordingly. Most of the western companies are not widely known in China, so the recommendation is that if the company was to utilize online marketing; brand promotion and visibility would be the most important things to consider. In solution advertising, local references should be emphasized and in the brand promotion, participation in government projects and cooperation with the government should take the center stage.

## **5.6 Evaluation and limitations of the research**

As Wang & Song (2011) stated, there is no generally accepted theoretical framework compiled for marketing in China yet, so this research relied mainly on observations and produced its own framework of how the companies approach the online marketing. The overall validity and reliability of the study can be considered high since both inductive and deductive step was used in the data analysis along with the use of both qualitative and quantitative methods. The inductive and iterative preanalysis and a sufficiently

large pool of data also mitigated the subjectivity issues in the qualitative parts of the study.

In this thesis some of the most important system suppliers were researched, but there was no cooperation with the companies themselves and the research relied solely on the public marketing material as published by the companies. In a way, this is a good way to evaluate the marketing messages from the perspective of the audience, but it lacks insight into the actual marketing strategies the companies are pursuing and the goals they have in their marketing.

## **5.7 Suggestions for future research**

There has been relatively little marketing research in the Chinese context and most of the existing research is focused on B2C markets. There is a particular lack of research pertaining to online marketing of project business companies and the role of content marketing. This is hardly surprising since the phenomenon is very new and before year 2013 there were not many of the target companies that had any kind of presence in Chinese online channels outside their own website. However, during the data collection process it was discovered that the companies who did maintain social media accounts had a surprisingly active presence in the Chinese social media.

As it became obvious that the usage of social media for online marketing in the Chinese context being such new a phenomenon, it would be interesting to see a research similar to this one being conducted a few years from now to see how the online presence and strategies of the companies have evolved during that time and what kind of new paradigms may have emerged. If the results would show more diverse online marketing strategies in Chinese social media, it would mean that the huge emphasis on direct brand promotion was only an intermediate step to establish online visibility for the brand. If the results stayed the same – however – it would confirm the argument that there really is a phase difference between the marketing environments in China and in the west and that for now, the traditional marketing measures are considered to be more effective in China than the modern ones.

In a way, this study also fell in the category of research “broad in scope, but limited depth”, as defined by Trotter & Wang (2012), along with most of the established studies on marketing in Chinese context. However, the subject of online project marketing in China also calls for an in-depth study with extensive cooperation with the companies in order to penetrate the real reasons for the strategic choices made in China. Undoubtedly the truth is much more complex than the simplified categorization and framework produced by this study. In order to truly penetrate the way marketing and the marketing environment works in China would require cooperation with the local actors.

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## **APPENDICES**

### **Appendix 1:**

The sources of marketing data

#### **General Electric**

<http://www.ge.com/>

<http://www.youtube.com/user/GE>

<https://www.facebook.com/GE>

<https://twitter.com/generalelectric>

<http://www.linkedin.com/company/ge>

<http://www.ge.com/cn/>

<http://tvs.youku.com/gechina>

<http://www.weibo.com/geinchina>

<http://page.renren.com/601668353>

#### **Siemens**

<http://www.siemens.com/entry/cc/en/>

<http://www.youtube.com/siemens/>

<https://www.facebook.com/Siemens>

<https://twitter.com/siemens>

<http://www.linkedin.com/company/Siemens>

<http://www.siemens.com/answers/cn/zh/>

[http://i.youku.com/u/id\\_UMTQ3NzgxNDIw](http://i.youku.com/u/id_UMTQ3NzgxNDIw)

<http://www.weibo.com/siemens>

<http://page.renren.com/601353783>

#### **Hitachi**

<http://www.hitachi.com/>

<http://www.youtube.com/user/HitachiConstruction>

[https://twitter.com/Hitachi\\_US](https://twitter.com/Hitachi_US)

<http://www.linkedin.com/company/hitachi>

<http://www.hitachi.com.cn/>

<http://tvs.youku.com/hitachi>

#### **Toshiba**

<http://www.toshiba.com/tai/>

<https://www.youtube.com/toshibaindustrial>

<https://www.facebook.com/ToshibaInnovation>

<https://twitter.com/ToshibaInnovate>

<http://www.linkedin.com/company/3333458>

<http://www.toshiba.com.cn/>

<http://page.renren.com/toshibapc>

## **ABB**

<http://www.abb.com/>  
<http://www.youtube.com/abb>  
<https://www.facebook.com/ABB>  
<https://twitter.com/ABBgroupnews>  
<http://www.linkedin.com/company/ABB>  
<http://new.abb.com/cn/en/home>  
[http://i.youku.com/u/id\\_UNTE5MjkyNjQ0](http://i.youku.com/u/id_UNTE5MjkyNjQ0)  
<http://weibo.com/abbchina>  
<http://page.renren.com/600019907>

## **Honeywell process solutions**

<https://www.honeywellprocess.com/en-US/pages/default.aspx>  
<https://twitter.com/Hwusers>  
<http://www.linkedin.com/company/1346>  
<https://zh.honeywellprocess.com/en-US/explore/Pages/default.aspx>  
[http://i.youku.com/u/id\\_UNDQzNDI3NTQ0](http://i.youku.com/u/id_UNDQzNDI3NTQ0)  
<http://www.weibo.com/honeywellofficial>

## **Mitsubishi Electric**

<http://www.mitsubishielectric.com/>  
<http://www.youtube.com/user/mitsubishielectric2/videos>  
<https://www.facebook.com/MitsubishiElectricAutomationAmericas>  
<http://www.mitsubishielectric.com.cn/index.html>

## **Emerson process management**

<http://www2.emersonprocess.com/en-US/Pages/Home.aspx>  
<http://www.youtube.com/user/EmersonPlantWeb>  
<https://www.facebook.com/EmersonProcessManagement>  
<https://twitter.com/emersonprocess>  
<http://www.linkedin.com/company/emerson-process-management>  
<http://www2.emersonprocess.com/zh-CN/Pages/Home.aspx>  
<http://weibo.com/emersoninchina>  
<http://page.renren.com/600385048>

### **Schneider Electric**

<http://www.schneider-electric.com/>  
<http://www.youtube.com/schneidercorporate>  
<https://www.facebook.com/SchneiderElectric>  
<https://twitter.com/SchneiderElec>  
<http://www.schneider-electric.com/site/home/index.cfm/cn/>  
[http://i.youku.com/u/id\\_UMzU3MDAyMjA0](http://i.youku.com/u/id_UMzU3MDAyMjA0)  
<http://www.weibo.com/schneidercn>  
<http://page.renren.com/600903486>

### **Danaher Industrial Technologies**

<http://www.danaher.com/businesses/industrial-technologies>  
<http://www.youtube.com/channel/UCnuCp2otMILUEEiS740SyKg>  
<http://www.linkedin.com/company/3300831>  
<http://www.danaher-scg.com.cn/zxns.asp>

### **Metso Automation**

<http://www.metso.com/>  
<http://www.youtube.com/metsoworld>  
<https://www.facebook.com/MetsoWorld>  
<https://twitter.com/metsogroup>  
<https://www.linkedin.com/company/metso>  
[http://www.metso.com/cn/home\\_cn.nsf/](http://www.metso.com/cn/home_cn.nsf/)  
<http://www.weibo.com/metso80>

### **Fuji Electric**

<http://www.fujielectric.com/>  
<https://twitter.com/FujiElectricFEA>  
<http://www.fujielectric.com.cn/>

### **Bosch Rexroth**

<http://www.boschrexroth.com/en/xc/>  
<http://www.youtube.com/BoschRexrothGlobal>  
<https://www.facebook.com/BoschRexrothGlobal>  
<http://www.linkedin.com/company/bosch-rexroth>  
[http://www.boschrexroth.com.cn/country\\_units/asia/china/zh/index.jsp](http://www.boschrexroth.com.cn/country_units/asia/china/zh/index.jsp)  
<http://www.weibo.com/driveandcontrol>  
<http://page.renren.com/601445168>

### **Cameron valves & measurement**

<http://www.c-a-m.com/forms/Group.aspx?GRP=VM>

<http://www.linkedin.com/company/cameron>

<http://www.c-a-m.cn/>

### **Omron**

<http://www.omron.com/>

<http://www.youtube.com/user/omronEurope>

<https://www.facebook.com/OmronAutomationSafety>

<http://www.linkedin.com/company/5838>

<http://www.omron.com.cn/>

### **Rockwell Automation**

<http://www.rockwellautomation.com/>

<http://www.youtube.com/user/ROKAutomation/home>

<https://www.facebook.com/ROKAutomation>

<https://twitter.com/ROKAutomation>

[http://www.linkedin.com/groups?gid=2875364&trk=myg\\_ugrp\\_ovr](http://www.linkedin.com/groups?gid=2875364&trk=myg_ugrp_ovr)

<http://cn.rockwellautomation.com/>

<http://www.weibo.com/rockwellchina>

<http://page.renren.com/600384691>

### **FANUC**

<http://www.fanuc.eu/>

<http://www.youtube.com/FANUCEurope>

<https://www.facebook.com/FANUC>

<http://www.linkedin.com/company/14960>

<http://www.bj-fanuc.com.cn/fanuc/index.do>

### **Flowserve**

<http://www.flowserve.com/>

<http://www.youtube.com/user/Flowserveinteractive/videos>

<https://www.facebook.com/flowserve>

<https://twitter.com/flowserve>

<http://www.linkedin.com/company/5927>

[http://www.flowserve.com/zh\\_cn](http://www.flowserve.com/zh_cn)

## **FMC**

<http://www.fmc.com/>

<http://www.youtube.com/user/fmctechnologies>

<https://www.facebook.com/FMCCorporation>

<http://www.linkedin.com/company/fmc-corporation>

<http://www.fmcchina.com/AboutFMC/tabid/141/language/zh-CN/Default.aspx>

## **Invensys**

<http://www.invensys.com/en>

<http://www.youtube.com/user/invensysVideos>

<https://www.facebook.com/invensysOpsMgmt>

<http://www.linkedin.com/company/invensys>

<http://iom.invensys.com/cn/pages/home.aspx>

## **Yokogawa Electric**

<http://www.yokogawa.com/>

<http://www.youtube.com/user/AutomationYOKOGAWA>

<http://www.linkedin.com/company/167010>

<http://www.yokogawa.com/cn/>

## **IMI Plc**

<http://www.imiplc.com/>

<http://www.imiplc.com.cn/>

<http://www.weibo.com/imicampus>

<http://page.renren.com/601522846>

## **Ametek**

<http://www.ametek.com/>

[https://twitter.com/AMETEK\\_Rotron](https://twitter.com/AMETEK_Rotron)

<http://www.linkedin.com/company/8086>

<http://www.ametek.com.cn/>

## **Endress+Hauser**

<http://www.endress.com/intro>

<http://www.youtube.com/user/EndressHauserAG>

<https://www.facebook.com/EndressHauser>

[https://twitter.com/Endress\\_Hauser](https://twitter.com/Endress_Hauser)

<http://www.linkedin.com/company/11708>

<http://www.cn.endress.com/>

**Azbil**

<http://www.azbil.com/>

<http://www.azbil.com/cn/index.html>

**Phoenix Contact**

<http://www.phoenixcontact.com/index.php>

<http://www.youtube.com/user/PhoenixContactUSA>

<https://www.facebook.com/PhoenixContactUSA>

<http://www.phoenixcontact.com.cn/>

<http://www.weibo.com/phoenixcontactchina>

**Spectris**

<http://www.spectris.com/>

<http://www.spectris.com.cn/>

**National Instruments**

<http://www.ni.com/>

<http://www.youtube.com/nationalinstruments>

<https://www.facebook.com/NationalInstruments>

<https://twitter.com/niglobal>

<http://www.linkedin.com/company/3433>

<http://china.ni.com/events>

<http://weibo.com/doengineering>

<http://page.renren.com/601322154>

**Weidmüller**

[http://www.weidmuller.com/85851/Home/cw\\_start\\_v2.aspx](http://www.weidmuller.com/85851/Home/cw_start_v2.aspx)

<http://www.youtube.com/user/WeidmullerNA>

<https://www.facebook.com/weidmuller>

<http://www.linkedin.com/company/41508>

<http://www.weidmueller.com.cn/>

<http://www.weibo.com/weidmuellerchina>

**MKS Instruments**

<http://www.mksinst.com/>

<http://www.youtube.com/user/MKSInstruments>

<https://www.facebook.com/MKSInstruments>

<http://www.linkedin.com/company/5884>

<http://www.mksinst.com/intl/prc1.aspx>