THE CHINESE CHALLENGE
A case study of marketing communication in China

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1 Introduction

When companies are on the lookout for new markets, China can seem especially intriguing with its huge population and strong economic growth (Datamonitor, 2011) and as Gong (2003) mentions, the market reforms and its sheer size means that China has become an increasingly coveted market. Indeed, Rall (2007) goes as far as naming China “one of the world’s most attractive heavens for foreign investments that are looking for colossal returns” (p.255). In 2010, China was in fact the second largest importer of merchandise in the world (World Trade Organisation, 2011) and many companies have high hopes and expectations to this country, to the Rise of the Dragon (Ebel et al, 2007). However, the Chinese market appears to be a hard nut to crack, also for Danish companies as some of the big Danish brands have experienced great difficulties with this market (Hall, 2012). This indicates that setting up a business in China is not just a simple matter and of the Danish companies that have taken on the challenge is the textile company Kvadrat.

1.1 Kvadrat

Kvadrat is a Danish textile company that was established back in 1968. The company’s core purpose is to “develop high quality contemporary textiles and textile-related products for both architects to specify in public spaces and for the private consumer for the home” (Kvadrat, 2012a). To this date, the headquarters are still located in Ebeltoft where it was founded and the majority of all administration is carried out from there.

As mentioned in their core purpose, Kvadrat is represented in both contract and retail markets, but the contract markets – architecture and design – are their main focus.

1.1.1 Textiles and design culture

High quality and aesthetics are key words for all of Kvadrat’s products and these are the foundations of all the textiles designed and manufactured. All of Kvadrat’s textiles are manufactured in specialised mills in Western Europe and Japan in order to achieve the required high standards of quality (Kvadrat, 2012b). All textiles come with a 10-year warranty (Kvadrat, 2012b).
Aesthetics is an important aspect in designing the textiles and as Kvadrat’s CEO Anders Byriel pinpoints: “We’re not in fashion, but style is essential” (Anders Byriel, team meeting in Ebeltoft, 15-03-12).

Kvadrat’s design culture involves many design and art projects and Kvadrat is often working on projects with talented established or up-and-coming designers to explore the boundaries of textile design and the creative application of the textiles (Kvadrat, 2012b).

1.1.2 Kvadrat in China

Kvadrat’s vision is to be among the five strongest architect and design brands – not just in Europe, but in Asia as well (Kvadrat, 2012a). Hence, much focus has been moved to Asia, China in particular. Kvadrat has been represented in China for some years now and sales in China have been on the strategic agenda since 2010 (Kvadrat, 2012a). Furthermore, Kvadrat established their Asian subsidiary and opened their first showroom in Shanghai in April 2011 (Kvadrat, 2012c).

This effort to push sales has started to pay off with growth rates of 85% in 2011 (Lund, 2012). So, Kvadrat is doing well in China, but the trees do not grow into the sky. Kvadrat is not yet a well-known brand name among people in their target groups in China (conversation with Melody Lin, marketing coordinator for Kvadrat in China, 23-05-12).

Marketing communication in China is something Kvadrat has started to pay increased attention. A marketing coordinator with special focus on Asia was employed in December 2011 and earlier that year an advertising agreement was made with the Chinese version of the magazine Frame¹ (conversation with Melody Lin, 23-05-12). Pamphlets, brochures and other standardised marketing materials will, along with Kvadrat’s website, be translated to Chinese. But unfortunately, merely translating this material has not been enough in all cases. Recently, a new brochure about Kvadrat had to be altered a little extra, by request of the Chinese sales force, in order to better suit the needs in the Chinese market (interview with Jørgen Hansen, see appendix 4). This could indicate that merely translating standardised marketing materials is not a long term solution in the Chinese market. In-

¹ Frame is one of the world’s leading interior design publications and the publishers describe the magazine as “the go-to global reference for designers and interior architects” (Frame, 2011). Further information about the magazine can be found on their website: http://www.frameweb.com
instead it appears that the special needs of Kvadrat’s Chinese target group should be taken into consideration.

1.2 Problem formulation

As mentioned above, it seems like Kvadrat will need to localise their marketing communication and this has provided the inspiration for the problem formulation that will form the basis for this thesis:

_How can Kvadrat localise their marketing communication to fit the needs of Chinese architects?

I will answer this problem formulation by drawing up a theoretical framework from relevant literature which, along with two semi-structured interviews and information collected from Kvadrat, will form the basis for an analysis and discussion about Kvadrat’s current marketing communication in China and how this can be developed to better suit the needs of their Chinese target group.

1.3 Delimitation

Kvadrat’s presence is still relatively new in the Chinese market and it is possible that there are many marketing related issues that could be discussed or considered, but this thesis will only cover Kvadrat’s _marketing communication_ in the Chinese market, not their positioning strategy, price strategy or any other marketing related aspects. The reason behind this decision is that Kvadrat has already chosen how the company should be positioned and a successful pricing strategy has been implemented etc. despite the relatively short time in the market (evident from interview with Jørgen, see appendix 4). The next step in line is the marketing communication as the problem now is to get the marketing messages to the target group and convince them to buy the products. Hence, this thesis will only cover the communication aspect of Kvadrat’s marketing strategy in China.

The term ‘marketing communication’ covers many and very different aspects of communication. As it will be argued later on, the marketing communication mix should include the promotional tools that are suitable for the communication objective. In the case of Kvadrat the immediate objective is to increase awareness about the company and their textiles. For this purpose, the following marketing communication tools will be applied and discussed: advertising, public relations and trade shows. These are all common tools in marketing communication and it is something Kvadrat already has strong focus on and practices in other markets.
Kvadrat only engages in B2B sales and consequently, the marketing communication that will be discussed in the following chapters will be related to a B2B context. Whenever it has been found necessary to move away from the B2B focus, it will be mentioned in the text.

As it was mentioned earlier in this chapter, Kvadrat’s vision is to be among the strongest architect and design brand in Asia. Thus, it has been a natural choice to focus this thesis on one of their primary target groups in Asia: architects. Whenever the terms ‘architects’ or ‘Chinese architects’ are used, they will refer to Chinese building architects. Furthermore, it will be necessary to specify that it refers to architects of Chinese origin, not foreign architects who happens to be living in China. The target group can then be narrowed down even further by specifying that Kvadrat only approaches the big architect studios that work on major projects; they only approach the best (interview with Jørgen, see appendix 4). Hence, the marketing communication that will be discussed in this thesis is targeted the best Chinese building architects in China.

Then there is the question of China. In this thesis ‘China’ will refer to the People’s Republic of China and not Greater China (which usually also includes Hong Kong, Taiwan, Macau and sometimes Singapore). This distinction will be made due to the significant cultural differences that exist between these different regions and city-states. China is an enormous country on its own and there are bound to be cultural differences between different parts of the country, but in an attempt to secure some reliability Hong Kong, Taiwan, Macau and Singapore will not be included in this definition.

1.4 Project structure

The chapters in this thesis will be structured as follows:

First a literature review on standardisation and localisation will be presented in order to provide a suitable frame for this thesis. An understanding of the standardisation/localisation issues will allow for a better comprehension of Kvadrat’s situation. Following the literature review will be a chapter on the methodological considerations that underlie this thesis. Considerations and decisions made about paradigm, method, data collection and data analysis will be produced and justified in order to give the reader a thorough insight into this piece of research.
After these chapters, which should have provided the reader with a satisfactory introduction to the backdrop of this thesis, a theoretical framework will be laid out. This framework will cover theoretical aspects which have been found relevant and interesting in relation to the problem formulation. Reasons for why these particular theories have been selected will be revealed within the chapter. Subsequently the analysis will be presented. This analysis has taken its point of departure from the theories laid out in the theoretical framework. Categories derived from the theories have been used for analysing the data collected for this research.

Following the theoretical framework and the analysis the trustworthiness of the findings will be discussed and the limitations of the research will be cover in this chapter as well. Hereafter, a chapter with conclusions and an answer for the problem formulation will round off the thesis. Finally, the list of references and appendices can be found in the last chapters of this thesis.
When in Rome, do as the Romans do?

In the following pages a literature review on standardisation and localisation of international marketing communication will be presented. And international marketing is indeed a challenge that faces most companies today. The decision on whether to standardise or localise marketing and advertising to the differing needs of various international contexts is a fundamental issue in international marketing research (Whitelock and Fastoso, 2011). As Pae et al (2002) notices, much has been written about the decision on whether to standardise or localise international marketing communication, but often the views are polarized: it is either standardisation or localisation.

The complex of problems related to the issue on whether to standardise or localise international marketing communication has provided the background for the problem formulation in the previous chapter. Thus, this literature review will provide a brief account on some of the positions in the literature in order to lay out the challenges and opportunities Kvadrat will face. This literature review will give an insight into of the situation Kvadrat’s marketing employees finds themselves in when faced with the challenges of the Chinese market. Further, this review may be a help to form the basis for a better understanding of the conclusions made later is this thesis.

There can be several reasons to choose one or the other, to standardise or localise, and in the following a literature review on standardisation and localisation in international marketing communication will be presented.

2.1 Standardisation versus localisation

Levitt (1983) was one of the first authors to bring the issue of standardisation – or globalisation as he calls it – to discussion. In his article The globalization of markets, he argues that “gone are the differences in national and regional preferences” (p.92).

Taking a standardised approach in marketing communication means that a company uses similar or identical marketing communication across countries (Pickton and Broderick, 2005). This approach to marketing communication builds on the assumption that global markets and customer needs are converging, just as Levitt (1983) pointed out in the citation above.
According to Harris (1994) it is benefits such as economies of scale, a consistent international image and the improvement of decision making that seems to be at the top of the list for reasons to choose a standardised approach to marketing communication; benefits that have to do with both economic as well as internal organisational considerations.

But questions have been raised about the decision to practice standardisation. Whitelock and Fastoso (2011) point out that it is assumed that the standardisation decision is based on rational and objective arguments, but as they have noted “[...] there may be a certain level of subjectivity in the standardization decision” (p.181). It has even been concluded that standardisation has become a goal that is pursued due to a bandwagon effect (Müller, as reported in Whitelock and Fastoso, 2011). This was also noted by Harris (1996) who stated that some companies may have applied a standardised approach simply because they felt pressured to do so as a result of the increased use of standardisation among other companies.

Furthermore, it is even possible that the benefits of standardisation may be overestimated (Fisher, as reported in Whitelock and Fastoso, 2011).

At the other end of the scale we find localisation. This is the complete opposite of the standardised approach, which implies that the marketing communication message and media is individually adapted to the individual markets/countries in order to suite the needs and requirement of each market (Pickton and Broderick, 2005). As opposed to the standardised approach, localisation of marketing communication is applied when the theory of convergence between various markets is disregarded. Among the critics of the convergence theory are de Mooij and Hofstede (2002) who point to the fact that consumption behaviour is not rational and that there remain significant differences among customers in different countries as a result of cultural divergence. Pennington (2002) suggests that “global human needs and wants must be distinguished from local, culturally defined needs and wants” (p.87), which points in favour of the localised approach to marketing communication.

According to Gesteland (2012), one of the iron rules in international business is that the seller is expected to adapt to the buyer (p.22). But instead of the “when on Rome, do as the Romans do” approach, he suggests the Chinese proverb Ru xiang sui su which translates to “Enter village, follow customs” (Gesteland, 2012).
As mentioned above, culture seems to be putting a stop to standardisation and indeed, research has shown that national culture is considered as a significant barrier to standardisation among most companies (Harris, 1996). However, this barrier is not considered as a reason not standardising as the benefits of standardising are more appealing (Harris, 1996).

2.2 Somewhere in between

As it has been described above, there are generally only two poles in the discussion about the standardisation versus localisation decision. But this is not all black or white; there is a big grey area in between and “[...] the standardization question has seemingly moved from an all-or-nothing issue to one of the degree of standardization of the various advertising elements” (Sandier and Shani, as quoted by Harris, 1994, p.16). And this may actually be the approach that most companies apply. In Harris’ research from 1994, he found that none of the companies he examined had standardised their activities in full. And indeed, it does not seem easy to standardise marketing communication and advertising completely as there can be many challenges, e.g. political restrictions and disparity in media laws and regulations (Pickton and Broderick, 2005). Hence, “[...] the practice of modified forms of advertising standardization is more common than the practice of total standardization” (Harris, 1994, p.17).

A concept that falls in between the two poles described above is the one referred to as glocalisation (i.e. Hackley, 2010). As Hackley (2010) argues, it is often a question of degree and the middle way, glocalisation, is “the local adaption of globally oriented marketing“ (Hackley, 2010, p.204). And as Lindstrom (2005) points out: “If you act global without being local in a world where everyone prefers local communication, there's always the risk of losing the consumer” (p.24). And Gesteland (2012) confirms this by arguing that “the savvy international marketer knows how to focus on the local customer while still thinking globally” (p.130).

2.3 Implications for this thesis

According to Harris (1994), the research done on standardisation in international advertising has been focused too much on the decision on whether to standardise/localise instead of the question on how to actually go about and do it. This ‘how approach’ to standardisation/localisation is in fact the one that will be applied in this thesis. It has already been established that Kvadrat’s standardised
marketing communication has not been sufficient for the Chinese market, so the question of whether or not to standardise/localise has already been answered. Hence, in the following chapters it will be investigated how Kvadrat can adapt their standardised communication to suit the needs of their Chinese target group: Chinese building architects. In the theoretical framework, that will be presented in chapter 4, a selection of theories relevant to this ‘how’ questions will be put forward. How these theories have been chosen will be discussed in the next chapter on the methodological considerations that lie at the root of this thesis.

As Kvadrat operates in B2B settings it is important to keep focus on the theories and discussions that are relevant for these settings. Hofstede (2005) argues that the question on whether to standardise or localise is not as relevant in business marketing as it is in consumer marketing, and indeed, most of the literature reviewed here was actually focused on private consumers. However, as Bingham et al (2005) point out, business buyers are humans as well and many of the marketing communication appeals have been found equally effective in business as well as consumer advertising. So despite the consumer focus in the research that is forming the basis for this literature review, this discussion is also relevant for business marketing. In fact, Kvadrat’s case has already proven that the question of standardisation/localisation is indeed relevant for B2B relations as well.
3 Methodology

3.1 Paradigm

This thesis is drawn up within the constructivist\(^2\) paradigm. A paradigm is “a basic set of beliefs that guides action” (Guba, 1990, p.17), as thus, the constructivist paradigm has offered the basic guidelines for this piece of research. Constructivism is about “reconstructing the ‘world’ at the only point at which it exists: in the minds of constructors” (Guba, 1990, p.27). However, it should be pointed out that in this thesis, the ‘world’ that is constructed will refer only to our social world, not the natural world.

The constructivist paradigm was chosen for this piece of research because of its stance on ‘reality’: there is not just one, but many possible ‘realities’ (Guba, 1990). In the field of marketing communication there are often many different, but possibly equally valid, answers to one question. Hence, it was imperative to ensure that the paradigm chosen for this research would allow the result of this thesis (that being the answer to the problem formulation) to be one of possibly several answers. The conclusion that will be drawn from this piece of research is a result of the research process and the ‘worlds’ of the interviewees and therefore it may not be the ‘definitive truth’ or represent the only ‘real’ reality. As Bryman (2008) points out: “[...] the researcher always presents a specific version of social reality, rather than one that can be regarded as definitive“ (p.19). Though, it should be noted that this will not make the conclusion less valid.

Ontology and epistemology are two concepts which within a paradigm represent “a theory of the nature of social entities” (Bryman, 2008, p.696) and “a theory of knowledge” (Bryman, 2008, p.692) respectively. But within the constructivist paradigm, Guba (1990) argues that ‘reality’\(^3\) is a social construction in the mind of the constructor (a view which is supported by e.g. Collin’s (1997, p.1) statement about the human reality being of humankind’s own making) and thus, he claims that the distinction between epistemology and ontology is obliterated as what can be known and the individual knowing it are becoming one and the same. However, in this thesis constructivism is considered as an epistemological position, in accordance with Wenneberg’s (2002) third level of social

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2 The terms ‘constructivism’ and ‘social constructivism’ are used as synonyms in this thesis.

3 It should be noted that there is not necessarily one true reality: “Realities are multiple, and they exist in people’s minds” (Guba 1990, p.26).
With this epistemological perspective, social constructivism deals with the construction of knowledge and knowledge about ‘reality’ is determined by social factors (Wenneberg 2002, pp.101-102). As Guba (1990) states, knowledge is “the outcome or consequence of human activity; knowledge is a human construction, never certifiable as the ultimate truth but problematic and ever changing” (p.26).

As Collin (1997) points out, “[...] social reality is somehow generated by the way we think or talk about it, by our consensus about its nature, by the way we explain it to each other, and by the concepts we use to grasp it” (pp.2-3). Social facts are the products of this process of thinking of, talking about and explaining our social reality. Hence, social facts are social constructions of knowledge about social reality (Wenneberg, 2002). Social facts have ontologically subjective characteristics, which mean that they only exist because we recognise it (Wenneberg, 2002; Guba, 1990), but on the other hand, social facts are also epistemologically objective as they require general consensus in order to be considered a fact (Wenneberg, 2002).

Hence, the knowledge about the concept of marketing communication that will be generated and discussed in this thesis is considered to be a social construction. Hackley (2010) argues that advertising is a social construction, but in this thesis we will take it a step further and argue that marketing communication as a whole is a social construction. Hackley (2010) points out that “our cognitive understanding of the social world is not just private: it is also inherently social” (p.55) and marketing communication has indeed become a part of our social world. Hence, our interpretation of the marketing communication we encounter is a product of the social world we are a part and is shaped in collaborations with other people. Marketing communication and all the other concepts presented in the theoretical framework can then be considered as social facts; there is a general consensus about the concepts and they exist only because we recognise them. There may not be consensus about the specifics of marketing communication, e.g. how it should be practiced, but it is generally accepted that there is such a concept – a social fact – as marketing communication. Therefore, it will be possible to present an epistemologically objective discussion about the concepts in this thesis,

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4 Wenneberg (2002) outlines four levels of social constructivism, ranging from ‘merely’ being a critical perspective, that questions the things that are considered natural and/or results of natural development, to ontological positions where reality – and not just our knowledge about it – is constructed. Wenneberg’s (2002) third level is defined as an epistemological position where knowledge about our social reality is constructed through the creation of social facts.
just because there is consensus about the general meaning of the concepts. This point is the key if one wants to avoid a constructivist position with serious epistemological problems (Wenneberg, 2002).

### 3.2 Research design and method

The research design chosen for this thesis is the case study design. A case study is defined as “a detailed and intensive analysis of a single case” (Bryman, 2008, p.52) where the term ‘case’ often refers to a location or an organisation (Bryman, 2008). In this thesis, the term ‘case’ will refer to Kvadrat, in particular Kvadrat’s marketing communication in China.

As Bryman (2008) mentions, a single case study allows the researcher to gain a detailed and intensive analysis of the case. The purpose here is to gain a thorough understanding of the needs of Kvadrat’s Chinese target group and the case study design was found especially suitable for this purpose.

A qualitative approach has been applied in this research in order to answer the problem formulation in the best possible way. As Bryman (2008) states, qualitative research is primarily concerned with words rather than numbers and this makes this method especially suitable for this piece of research. This is because the purpose of this research is to explain rather than measure. Furthermore, the qualitative method is a strategy which attempts not to delimit the areas of enquiry in order to ensure that as many important aspects of the topic as possible are covered (Bryman 2008). This is of particular interest as the focus of this study is not only on the topics of interest for the researcher, but rather the interviewees. In an attempt for the researcher to understand the problems that underlie the issues with Kvadrat’s marketing communication in China, it was essential to try to see things from the interviewees point of view (for further description of the interviewees and the interviews, please see section 3.3.2 below).

### 3.3 Data collection

The data collected for this piece of research includes that from conversations and meetings with Kvadrat employees, two interviews conducted with relevant interviewees and secondary literature. These will all be described in further detail below.

#### 3.3.1 Information about Kvadrat
While working on this thesis I have had conversations with Kvadrat employees in order to identify Kvadrat’s activities in China and to gain an understanding of what they want to achieve in the market. I have furthermore attended a strategy meeting where Kvadrat’s CEO told about the strategy in the Chinese market. During these conversations and meetings notes were taken for future use and analysis. The Kvadrat employees I will refer to (who has contributed with relevant knowledge via either conversations or meetings) in this thesis are:

- **Anders Byriel**, CEO for Kvadrat, based in Ebeltoft.
- **Jørgen Hansen**, country director in Asia, based in Shanghai.
- **Shawn Cook**, deputy manager in the marketing department, based in Copenhagen.
- **Melody Lin**, marketing coordinator, based in Shanghai.

Also, samples of Kvadrat’s advertisements and brochures were collected (see appendix 1 and 2). Particular interest was given to the recently finished brochure *We are Kvadrat*, a brochure with information about the company, the focus on quality and design culture. This is one of the most recent examples of Kvadrat’s marketing communication for the Chinese market and this will of course be included in the analysis as well. This in order to position Kvadrat’s level of localisation of marketing communications and to establish a starting point from which it can be discussed which level of standardisation/adaption that could be appropriate for Kvadrat.

### 3.3.2 Semi-structured interviews

The interviews were semi-structured. This approach was chosen in order to ensure a flexible process and that the focus would be on the interviewees understanding and point of view (Bryman, 2008). The interviews were not conducted in the very beginning of the research process and therefore the knowledge about existing theory played a role in the shaping of the interviews. This has meant that the semi-structured approach was chosen over the unstructured approach to ensure that topics encountered in the existing literature – and found relevant for the research – were also covered in these interviews.

An interview guide was prepared prior to each of these semi-structures interviews (see appendix 5). These guides were used as a further help to ensure that the relevant topics were covered in the interview. The interview guide only contained bullet points with key words about the topics that had to
be covered. The secondary literature (please see section 3.3.3) was used as the basis for the interview guide and the topics chosen for the interview guide were thus derived from the literature.

Furthermore, the semi-structured interview also allowed for the interviewees to introduce topics they themselves consider relevant for the main topic and this only improves the insight gained in the interviewees’ view of their world (Bryman 2008; Kvale 1997). Furthermore, this conversation like interview style allows for the possibility to obtain knowledge about the people and their behaviour (Kvale 1997). Hence, the semi-structured interviews were deemed as the most suitable data collection method for this piece of research.

The interviews were conducted as telephone interviews as it was not possible to go and meet the interviewees in person (one was in Hong Kong, the other in Beijing).

**Interviewees**

_Jørgen Hansen, country director for Kvadrat._

Jørgen Hansen was chosen as one of the interviewees due to his extensive knowledge about Kvadrat and their sales and activities in China. He has been working for Kvadrat since 1998 and in China since January 2010, where he helped analyse the Chinese market (information from personal email correspondence with Jørgen Hansen). Therefore it was deemed that he would be the right person who could elucidate Kvadrat’s marketing communication challenges in China. This interview was conducted in Danish.

_Simon Yu, associate at Zaha Hadid Architects._

Simon Yu is an architect and he was the project manager for one of the building projects in China where Kvadrat textile has been used (the Guangzhou Opera House in Guangzhou). Simon Yu is of Chinese origin, but in this case he will not be considered as part of Kvadrat’s target group in China, as he is working for a British architect company which ‘just’ happened to be working on a project in China. Instead, it was assessed that Simon Yu could provide insight to the experience in working with a Chinese customer and hence shed some light on the challenges that Chinese architects are faced with. This interview was conducted in English.

**Transcription**
The two interviews were both transcribed for the analysis (please see appendix 3 and 4 for the transcripts). In order to improve the readability the transcripts are not a verbatim copy of the interviews; empty words (e.g. sounds like ehm, mmm, ahm, etc.) and repetitions are not included in the transcripts. As Kvale (2007) points out, the way a transcription is carried out depends on the purpose and use of the transcription. As the focus in this thesis is to analyse the topics discussed – and not the linguistic aspect of the conversation - it was decided to leave out the empty words and repetitions as these are not of importance for the analysis.

3.3.3 Secondary literature
For the analysis that will follow in a later chapter, the selection of secondary literature will be of great importance (see next section, 3.4 Data analysis, for a thorough explanation). The secondary literature that has been selected for this thesis has been sampled on the basis of the problem formulation and theories on marketing communication, hereunder advertising, public relations and trade shows, culture’s influence on marketing communication and the specific case of marketing communication in China will be covered. The secondary literature has been chosen because the theories presented in the literature provide some insights which will help to understand Kvadrat’s situation in the Chinese market and aid us to grasp the tools available for making an improvement to this situation. In the theoretical framework that will present this secondary literature it will be pinpointed why the various theories are relevant for Kvadrat and their situation in the Chinese market.

3.4 Data analysis
When the data was collected, qualitative content analysis, also referred to as ethnographic analysis (Altheide, 1987), was used to uncover the themes and categories relevant for the analysis (Bryman, 2008). Qualitative content analysis is used for analysing communication, be it written, verbal or visual (Cole, as reported in Elo and Kyngäs, 2008). Qualitative content analysis is a method that allows for testing of theoretical issues and improved understanding of the data (Elo and Kyngäs, 2008).

As Elo and Kyngäs (2008) point out, it is necessary to decide whether to analyse only the manifest content or the latent content as well. In this thesis, only the manifest content will be analysed. This decision has been made on the same grounds as the decision to remove empty words and repetitions from the interview transcriptions: The focus of this research is not on the people talking or the way
they talk, it is about what they talk about. Latent content, e.g. like silence, laughter and special intonation, is not considered relevant for this analysis.

The goal of this content analysis is to investigate Kvadrat’s current communication in the market and to understand the needs of Chinese architects in order to connect the two to find out how Kvadrat can adapt their communication to the needs in the market.

3.4.1 Deductive approach

The approach to this qualitative content analysis has been deductive. The deductive theory describes the relationship between theory and social research (Bryman, 2008). As a result of the deductive approach, in this thesis we move from the general to the specific (Burns and Grove, as reported in Elo and Kyngäs, 2008): the theoretical framework is applied to a specific case. This entails that the categories that have been used for analysing the data were derived from the theoretical framework that will be presented in the next chapter. This is a common strategy in a deductive content analysis (Elo and Kyngäs, 2008).

3.4.2 Analysis process

First, the categories relevant for the analysis were derived from the theoretical framework. These categories included, among others, the use of advertising in China and the importance of Chinese culture in marketing communication. These were then used to analyse the data that was collected from interviews, Kvadrat’s advertisements in China and from various conversation and correspondence with employees from Kvadrat. This provided an overview of the relationship between the theoretical framework and the data collected and the result will be presented in chapter 5.
4 Theoretical framework

This chapter will present the theoretical framework that will work as the foundations for the analysis of the collected data. As it was described in the precious chapter, this framework will guide the search for relevant information in the collected data through the approach of the qualitative content analysis. But before introducing the framework it is important to establish the business context for the theories presented.

4.1 A business-to-business context

The following framework is build within a business-to-business (B2B) context. As it was mentioned in the introduction to this thesis, Kvadrat’s target group in the Chinese market is comprised of architects and hence, the relationship between Kvadrat and their (potential) customers will be a B2B relationship.

It is often suggested that B2B marketing communication differs – or should differ – quite significantly from business-to-consumer (B2C) relations (e.g. Bingham et al, 2005; Garber and Dotson, 2002). The reason behind this argument is that behaviour and decision making in B2B relations are generally considered to be more rational that the behaviour of private consumers (Bingham et al, 2005). But can it always be assumed that this is the case? Not if we are to believe Kotler and Pförrsch (2007). As they point out, the general assumption is that ‘soft’ facts like reputation and whether or not the company is well known are not meant to be relevant and should not have any influence on the rational decision making, but as they state: “Does anybody really believe that people can turn themselves into unemotional and utterly rational machines when at work?” (p.357). Their answer is a clear no. Even Bingham et al (2005) support this view (despite their arguments about the differences between advertising to businesses and private consumers) by pointing out that business buyers are ‘only’ humans and they can be subject to some of the same appeals that are usually effective in consumer advertising.

According to Bingham et al (2005) marketing communication in B2B relations has three purposes: “to inform, to persuade and to remind customers and potential customers about a product or a company” (p.303). Hackley (2010) argues that “there is a shake-out going on in the promotion in-
dustry” (p.9) and the winners will be the ones that understands and adapts to the concept of integrated marketing communication.

4.2 Integrated marketing communication

According to Shimp (2007), integration of marketing communication elements is imperative for success. Christensen et al (2008) define the concept of integrated marketing communication (IMC) as “[...] the notion and the practice of aligning symbols, messages, procedures and behaviours in order for an organisation to communicate with clarity, consistency and continuity [...]” (p.424). The integration of marketing communication should be especially suited for the “[...] fragmented, cluttered and global communications environment that is today’s market-place” (Garber and Dotson, 2002, p.1).

One of the key features of IMC is that it “aims to meet the information need of the buyer” (Dwyer and Tanner, 2006, p.286) and it is the customer – or potential customer - that is the starting point for all marketing communication activities (Shimp, 2007). IMC is an ‘outside-in’ approach to marketing communication where the needs of the (potential) customer works as the driving force for the selection of appropriate marketing messages and media (Shimp, 2007). In IMC, past experiences and one-size-fits-all solutions are not necessarily the best way forward if it does not fit the current needs of the (potential) customers (Shimp, 2007).

Consistency in the marketing communication is important in order to avoid confusion and misunderstandings and this is the essence of IMC: that all marketing communication “speak with a single voice” (Shimp, 2007, p.12). This is critical in order to send a strong and unified message and to attain the goal; affecting customer behaviour and moving people to action (Shimp, 2007). Hence, it is not enough to ‘just’ raise awareness; IMC intends to encourage some form of behavioural response (Shimp, 2007).

It is important to select the marketing tools that are most fitting for the communication purpose at hand (Shimp, 2007) and this is where the marketing communication mix, also called the promotional mix, comes into play. Shimp (2007) draws a very useful analogy between this selection of marketing tools and a carpenter’s toolbox:
“[…] a carpenter’s toolbox […] contains items such as hammers, pliers, screwdrivers, drills, sanding equipment, and so on. When given a new construction or repair job, carpenters turn to those tools that are most appropriate for the task at hand. In other words, some tools are more appropriate for particular purposes than others. A carpenter can pound a nail with the blunt end of a screwdriver, but a hammer can do the job more efficiently” (p.9).

As the above quote clearly states, marketing communication tools are not wholly interchangeable as they do not accomplish the same communication objectives (Garber and Dotson, 2002). This means that marketers will have to consider the nature and relative strength of the promotional tools they have at their disposal before choosing the appropriate marketing communication mix (Garber and Dotson, 2002).

The marketing communication tools that will be presented and discussed below are advertising, public relations and trade shows. These are all part of the marketing communication mix, also called the promotional mix. There are of course many more tools that are available for the marketing communication mix, but in this thesis these three tools have been chosen due to their relevance for Kvadrat’s situation in the Chinese market. First, the focus on advertising and public relations have been chosen because one of the central issues in this thesis is that Kvadrat is not yet a well known company amongst their target group in China. To tackle this issue, advertising and public relations may be a very useful point of departure. Secondly, trade shows are – as it will be pointed out below – a great setting for meeting people from an entire industry at one time and thus, this tool was considered to be highly relevant for this thesis as well.

4.2.1 Advertising and public relations
One of the elements in the marketing communication mix that has been chosen for this thesis is advertising. There is a great variety in definitions of what exactly the term ‘advertising’ covers. Pickton and Broderick (2005) define it as “the use of paid mass media, by an identified sponsor, to deliver marketing communication to target audiences” (p.593), while Richards and Curran (2002) define it as “[…] paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future” (p.74). Common for both of these –
and many other – definitions is that advertising is paid for and that its purpose is to facilitate communication between a company and its public.

The traditional view is that advertising gives information about a product or how to acquire it (Pennington, 2002), but the purpose of advertising is not always the same for all businesses. According to Bingham et al (2005), business-to-business advertising can have one or more of the following goals:

1) *Create awareness about a company among customers or potential customers*  
   Advertising can be used to make potential customers aware of a certain company. Furthermore, it can be used to ‘remind’ existing customers about the company and even reinforce their satisfaction with the company (Bingham et al, 2005; Shimp, 2007).

2) *Provide information about the qualities of one or more products*  
   It is important to convey information about the specific qualities and characteristics of the company’s products and to educate (potential) customers about these features and benefits (Shimp, 2007). For this purpose buying motives are of crucial importance as it appears that buying motives are equally important in business relations as they are for private consumers (Bingham et al, 2005). Furthermore, advertising can be used to introduce new uses of existing products (Shimp, 2007).

3) *Help sales representatives to more efficient selling efforts*  
   It is believed that advertising can help pave the way for the sales representative to established as well as potential customers (Bingham et al, 2005). The reason for this is that advertising can ‘presell’ a company’s products and this can provide great introductions to the products before the personal contact between the sales representative and the customer (Shimp, 2007). As mentioned in the beginning of this chapter, this is also often seen as the general purpose of the overall marketing communication.

4) *Reduce overall selling costs*  
   Another goal can be to reduce the overall selling costs, as it is believed that advertising can reduce the time needed by the sales representative to sell the product and hence save costs
(Shimp, 2007). However, this purpose requires more solid evidence of the effect of the advertising-sales representative relationship (Bingham et al, 2005).

As it was mentioned above, the goal of IMC is to make customers, or potential customers, act. Advertising may not be the only reason for customers to start purchasing the products, but what advertising can do is to help potential customers to go through the decision making process more quickly (Dwyer and Tanner, 2006).

Public relations (PR) are sometimes referred to as the ‘free advertising’, but this does not hold true as PR, just like advertising, needs to be planned and managed carefully (Pickton and Broderick, 2005). There are many different ways of defining PR and one of the suggestions is this:

“It is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics” (The Chartered Institute of Public Relations, 2010). The basic purpose of PR is as simple as communication between a company and its public and the history of PR is rooted in theories about information, public opinion and mutual understanding and benefit (Hutton, 1993). As Levin (2003) suggests, PR is the art of communicating with and motivating buyers and prove why the customer should choose the company behind the PR messages.

PR is a proactive tool – not just reactive as in cases of e.g. crisis communication – and it often has long-term implications for the company (Christensen et al, 2005). Hutton (1993) argues that in the perspective of PR, the marketers should try to focus on the values of customers rather than the value of customer. More specifically, focus should be placed on the values that are shared between a company and its customers (Hutton, 1993).

4.2.2 Trade shows

Trade shows have a regular slot in many companies marketing communication mix (Kirchgeorg et al, 2010). These events are considered to be a very efficient tool in marketing communication as entire industries are gathered in one place at the same time (Bingham et al, 2005) and Blythe (2009) even refers to it as “the ultimate example of marketing excellence” (p.62). Kischgeorg et al (2010) join the praise of this communication form by arguing that trade shows are still a force to be reckoned with despite the new media available.
Trade shows - the term covering fairs, trade fairs and expositions as suggested by Kirchgeorg et al (2010) – are defined by the following characteristics: “they have a specific duration and are designed to promote sales and/or to build or strengthen relationships” (Kirchgeorg et al, 2010, p.63).

Trade fairs represent the ‘live’ version of marketing communication as it gives the visitors (who hopefully, to a large extent, also represents one’s target group) a personal encounter with the company exhibiting (Kirchgeorg et al, 2010). A survey has shown that live communication is actually preferred over more traditional communication (e.g. advertising and PR) in situations where there is already contact between company and customer (Kirchgeorg et al, 2010). However, Blythe (2009) argue that the different groups of visitors, ranging from actual buyers to students, require different types of communication because their purpose for attending the show differs significantly.

Exhibiting in trade show is a very different form of communication compared with the two other tools, advertising and PR, which were described above and each can be used for different purposes. As it was mentioned above, this kind of marketing communication is good to build and strengthen relationships between businesses. But as opposed to advertising and PR, trade shows these are not considered an efficient tool for increasing awareness about exhibitors due to the limited durations of the shows (AUMA, as reported by Kirchgeorg et al, 2010). As it was mentioned above, trade shows are good for gathering and meeting entire industries, but it is likely that there are potential customers outside the most obvious industry and these may not attend these trade fairs.

The benefits from exhibiting at a trade show can be both tangible and intangible (Bettis-Outland, 2010). The tangible benefits are such as new business leads that result in sales while the intangible benefits are improvements in marketing communication and better customer relationships (Bettis-Outland, 2010).

**4.2.3 Intrinsic and extrinsic motivators**

One of the characteristics of B2B marketing communication from products manufacturers is – naturally – that all communication concentrates on the physical products (Gebauer et al, 2007). But what if the product in its own is not enough to catch the customers’ unremitting attention? In the following, two strategies meant to motivate the customer will be presented.
Intrinsic and extrinsic motivators are two approaches that can be applied in marketing communication in an attempt to motivate (potential) customers and catch their attention (Hellman, 2005). These two strategies are each effective in their own way, but the key to which of these approaches to choose lies with the product. It all comes down to how critical the product is to the customer (Hellman, 2005).

*Intrinsic* motivators are often used in situations were the product in question is of great significance to the customer (Hellman, 2005). In these cases, the product is the sole star; simply sells itself (Hellman, 2005). *Extrinsic* motivators, on the other hand, can be needed in situations where the customer pays little or no interest to the purchase and in these cases, extrinsic motivators are meant to add a little extra value to the product (Hellman, 2005). Here it is suggested that the marketer drawn on the interests of the customer in the marketing communication and this can in fact be almost as effective as intrinsic motivators (Hellman, 2005). By focusing on the interests of the customer the appeal becomes emotional rather than rational.

Bingham et al (2005) point out that emphasis on information about the product and/or the company and rational appeals are more effective in B2B marketing communication than emotional appeals which are often typical for consumer advertising. But as it discussed above, emotional appeals may be necessary is B2B marketing communication as well if the product is not enough to motivate the customers.

Kvadrat is a company that caters to many different segments (Kvadrat, 2012a) and hence, this theory about the use of intrinsic and extrinsic motivators has been included in this theoretical framework as it may be very helpful and provide some explanation for differences in behaviour between the segments. This could be an issue because even though Kvadrat’s target group is architects, this is not exactly a homogeneous group as these architects may be working on projects in all possible segments. Thus, the textile may be very critical or not critical at all, depending on the type of project the architect is working on.
4.3 Culture and its influence on international marketing communication

As Hellman (2005) points out, “[...] the marketing process that matters most happens inside the customer’s head” (p.5). But there are many factors that can influence the customer’s perception of the marketing communication, one of which is national culture. Hence, it is critical for companies to grasp how culture can influence the understanding and analysis of marketing communication. For this thesis, the theories about culture’s influence are of special interest and relevance in order to get a thorough understanding of why problems may be encountered when companies like Kvadrat does not localise their marketing communication sufficiently.

The specifics of and differences between national cultures are not easily defined as “[...] no two people of any culture are exactly alike” (Gesteland, 2012, p.21). But it is not possible – nor desirable - to adapt marketing communication to the needs of individuals. Instead, cultural typologies can be used as standard for the adaption of international marketing communication.

Hofstede (2005) is among the most famous authors who have defined cultural typologies. He defined 5\(^5\) dimensions which are now widely used to explain differences between national cultures. However, though typologies can be useful in defining national cultures, it is highly important to avoid stereotypes. Stereotypes are focused on simplistic contrasts between cultural groups and are actually just another word for overgeneralisations (Schollon and Schollon, 2001) and often lazy ways of describing people and their behaviour (Gesteland, 2012). Also, it can be useful to consider cultural typologies as tendencies rather than the rule or absolute truth.

As it was mentioned in the literature review in chapter 2, national culture is often an important aspect in the decision on whether or not to apply a standardised approach to marketing communication. And culture does have an influence on marketing communication. Pickton and Broderick (2005) describe it very short and clear: “Culture influences every aspect of marketing” (p.172).

According to Trompenaars and Hampden-Turner (2008) we will never be able to understand other cultures. If this holds true, everyone who practices international marketing communication are in for

\(^5\) Originally it was only 4 dimensions: Uncertainty avoidance, femininity-masculinity, individualism-collectivism and power distance, but later a fifth dimension – long- and short-term orientation – was added (Hofstede and Hofstede, 2005).
a great challenge! But as Heerden and Barter (2008) point out, “there needs to be a real understanding of the different local cultures for each international market being entered” (p.38), this in order to ensure that culture influences the marketing strategy aptly.

As the reader may have noticed already, this is a part of the theoretical framework where the focus has drifted away from the B2B context. This section is not strictly about the communication that is carried out between two companies; it is more focused on how the communication from a given company is interpreted by the individual. This individual may very well be an architect or a business buyer who will use their interpretation of the marketing communication as a step in their decision making, but the values and norms the individual uses to interpret and analyse the communication with. As it has already been mentioned, people like business buyers are after all ‘just’ human. But on the other hand, Hofstede and Hofstede (2005) and Gesteland (2012) argue that culture has less impact in B2B relations. However, that does not imply that culture is not still an important aspect; it should not be forgotten completely. Trompennars and Hampden-Turner (2008) use the metaphor of an onion to describe the various layers of culture: the outer layer represents the products of culture while the deeper layers are basic norms and values that are not directly visible. These norms and values are the ‘tools’ we use to decode communication (Trompennars and Hampden-Turner, 2008), including marketing communication. Hence, marketers in B2B operations can not completely rule out national culture: the people they deal with will still use their culturally defined norms and values to ‘decode’ the communication between the companies.

4.4 Marketing communication in China

As is has been indicated in the above, culture does indeed have an influence on marketing communication – also in a B2B context. And of course, the Chinese culture is no exception and this poses a great challenge for companies and their marketing communication in the Chinese market.

In this section, a few aspect of the Chinese culture and the influence these have on marketing communication will be drawn out. This selection of cultural characteristics is relevant for the problem formulation as it will help to develop a better understanding of the market situation on China for B2B marketers. Furthermore, the theories presented in this section will substantiate the need for Kvadrat to localise marketing communication in China.
4.4.1 Towards a culture of advertising

The economic transformation in China has meant huge changes for the possibilities for all marketers operating in the Chinese market: it has developed from a country with practically no advertising to a market with contemporary advertising through a variety of different media channels (Gong, 2003). Today, marketing communication plays a major part in the Chinese economic and business development (Zhu, 2009).

In the years 1966 to 1976 during the Cultural Revolution there was an unofficial ban of all advertising, but since this ban was lifted advertising has become gradually more acceptable and is no longer always considered as a political indoctrination (Chu, 1982). Now advertising plays a big role in terms of brand awareness and reinforcement, but there can be serious pitfalls, most of which are related to cultural values and customs (Ambler and Witzel, 2004). Gong (2003) points out that everyone who wants to do business in China should “[…] prioritise perfecting cultural adaption” (p.379) as advertising behaviour in Chinese marketing communication differs significantly from Western approaches (Zhu, 2009).

In a list of dos and don’ts for advertising in China, Ambler and Witzel (2004) suggest that a company should never mention in advertising that they are the leader – especially if they are. Gesteland (2012) also points out that over-praise of one’s product should be avoided. Instead, it is advisable to get testimonials and let others praise the product (Gesteland, 2012).

The Chinese culture is – from a Western point of view – described as focused on relationships (Gesteland, 2012). This means that members of cultures like this will feel uncomfortable and be very hesitating about working and doing business with strangers. They are only comfortable dealing with friends, family and groups well-known to them – in other words, people they feel can be trusted (Gesteland, 2012). Research conducted by Trompenaars and Hampden-Turner (2008) has also showed that Chinese are much focused on relationships; they just call this cultural characteristic particularist. This strong focus on relationships can be explained with the term guanxi.
4.4.2 Guanxi and mianzi

Guanxi and mianzi are two concepts of Confucian ethics which are considered to be of great importance in the Chinese market place (Zhu, 2009). In the following, these two concepts will be described and their influence on marketing communication will be presented.

Guanxi is an important concept in Chinese culture and it is something everyone doing business in China should be aware of. Guanxi is usually translated as ‘relationships’ or ‘connections’ (Ambler and Witzel, 2004) and Chinese will tend to feel uncomfortable if doing business with strangers (Gesteland, 2012). As Ambler and Witzel (2004) puts it, “[...] without guanxi the door to business is firmly barred” (p.98). The concept is deeply rooted in Confucianism where one’s social context defines the individual (Ambler and Witzel, 2004) and the influence of guanxi has been traced through all aspects of social and commercial life (Yang, as reported in Ambler and Witzel, 2004). So even though business in China is much influenced by Western practices, relationships are still essential (Ambler and Witzel, 2004).

The concept of guanxi does not refer to a professional relationship between B2B partners; guanxi is a personal relationship (Gebauer et al, 2007; Wand and Song, 2011; Zolkiewski and Feng, 2012). This is one of the reasons why face-to-face communication “[...] still has unique advantages in the IT era and wins over all other communication channels” (Zolkiewski and Feng, 2012, p.22) in China. This does indeed have a considerable significance for the choice elements in the marketing communication mix. And this is why Gesteland (2012) suggests that trade shows are very effective tools in marketing communication in China as they provide excellent settings for first (face-to-face) meetings with potential customers. This is especially important as Chinese business people tend to be reluctant to do business with people and companies they are not familiar with, exactly as a consequence of guanxi (Gesteland, 2012). Hence, marketing communication in China should be designed to encourage and develop interpersonal relationships that extend further than the seller-buyer relationships in B2B transactions (Zhu, 2009).

Mianzi is, like guanxi, a concept of ethics and it is about “[...] giving of face or enhancing someone’s social status” (Buttery and Leung, as reported in Zolkiewski and Feng, 2012). As Wand and Song (2011) points out, it is perhaps even more important to ‘give face’ to others than to protect
one’s own ‘face’. In short, mianzi is about status and the continuous attempt to enhance the status by whatever means possible (Gebauer et al, 2007; Wang and Song, 2011). This concept even has a collectivistic connotation which implies that mianzi can be relevant for entire groups and not just individuals (Gao and Ting-Toomey, as reported in Zhu, 2009).

But guanxi and mianzi are not merely important aspects of personal interaction; also written documents are influences by these concepts (Zhu, 2009). This just underpins the need for localisation of marketing communication in China even further. Such written documents as invitations for trade shows and other events are influenced (Zhu, 2009). As Zhu (2009) suggests, invitations to these events “[...] involve complicated culture-specific politeness behaviour which is likely to trigger ethical issues in international or cross-cultural marketing communication” (p.517).

Merely the act of sending an invitation for events like the ones mentioned above is an act of guanxi in the way that it encourages social networking and the invitation will in its own build a guest-host relationship (Zhu, 2009). Mianzi is related to the actual content of the invitation. It is crucial in invitations as the choice of salutation can show the level of respect depending on the politeness of the salutation (Zhu, 2009). But not just salutations, also the general politeness of the text as a whole is important for showing mianzi and respect (Zhu, 2009). Thus, “identifying the appropriate use of Confucian ethics is essential for establishing appropriate and effective relationships with prospective customers” (Zhu, 2009).

**Reference groups**

As it was mentioned above, the Chinese culture is often defined as relationship-focused. From a marketing communications perspective, this implies that the Chinese often relies more on testimonials from their social references, such as family, friends and other individuals in social groups, rather than the information provided by companies (Liu et al, 2011).

The Chinese customers try to reduce social risk in relation to product purchase by buying products that are similar to the ones bought by other members of their reference groups and as a result of this, Chinese customers are reluctant to pioneer as buying a ‘new’ product will not provide any reduction of social risk (Gong, 2003). But “once a new product has been adopted by someone within one’s
ingroup, this ingroup influence tends to have a greater persuasive power in influencing purchase decisions” (Xiao & Kim, as reported in Liu et al, 2011). Hence, it is imperative that marketers in Chins recognise this need for social acceptance and this will have to be incorporated in the marketing communication. As mentioned, information contained in marketing communication may not be trusted and that is worth keeping in mind as marketer in China.

4.5 The case of Chinese architects

The previous section in this chapter has was focused on the general characteristics of Chinese culture, but it may also be fruitful to take a closer look at the more specific characteristics of the behaviour among Chinese architects and the situation in the construction sector in China. This is order to get a better understanding of what Chinese architects may require from Kvadrat’s marketing communication.

The economic transformations in China have spurred a true construction boom (Larsen, 2004). The Chinese construction sector is characterised by intense competition (Dyer, 2007). Even though an architect has won a competition for a project, it is no guarantee that the architect will actually be involved in project (Dyer, 2007) and this puts a lot of pressure on the architects and increases the need for competitive advantages. And indeed, the Chinese architect studios have started to encourage commitment and strive towards doing one’s best in order to stay ahead of the game (Wenjun Zhi, in Levinson, 2004).

In China, Western architects have for a long time had a strong appeal for their ability to lend glamour to a project, but today Chinese clients are increasingly prone to hire local Chinese architect talents for this purpose (Levinson, 2004). This could be due to the fact that Chinese architects and their clients are becoming more sophisticated, as a result of improved technological knowledge, they are starting to demand excellence (Larsen, 2004) and the privatisation of the industry is considered as a critical element for the quality of Chinese architecture (Levinson, 2004).

As it was mentioned above, competitive advantage has become a critical issue for Chinese architects. This development is explained by a Chinese architect: “Several years ago architects focused on cooperation. However, due to the development of the market economy, competition has become...
more serious nowadays” (as quoted by Zhikun and Fungfai, 2009). Theoretical knowledge and professional experience is among the qualities that are considered to provide a competitive edge and hence, Chinese architects may feel very reluctant to share their knowledge with others (Zhikun et al, 2007; Zhikun and Fungfai, 2009). This tendency could have quite a few consequences for marketers in a culture where (as it was mentioned in the previous section) word-of-mouth is often considered as more trustworthy than the information provided through the company’s marketing communication. Apparently, there is no or little knowledge sharing among Chinese architects and hence, there are no or only few recommendations given about suppliers, e.g. like Kvadrat, or sharing of experiences and perception of product quality. For a company like Kvadrat that is not very well known in the market, this implies that an increased focus should be given to the marketing communication that has the purpose of reaching ‘the masses’, e.g. like advertising. With Chinese architects, Kvadrat cannot rely on raising awareness in the industry as a result of word-of-mouth discussions and recommendations. This adds yet another dimension to the complex task of making efficient marketing communication in China.
5 Analysis

In the following sections, the data collected for this piece of research will be analysed on the basis of the categories that has been derived from the theoretical framework that was presented in the previous chapter.

5.1 Advertising and public relations

As it was mentioned in the beginning of the previous chapter, advertising is considered as a good tool for informing target groups about companies and their products. As Jørgen mentions in the interview, Kvadrat is not yet a well known company among local Chinese architects (appendix 4, line 16) and thus, Kvadrat needs to reach a large audience in order to increase awareness.

In China, Kvadrat has an advertising agreement with Frame Publications and their ads are shown in the magazines Frame and Mark (conversation with Melody Lin, 23-05-12). These are considered to be the most suitable magazines for Kvadrat to advertise in the Chinese market as these magazines are very professional with good quality of content and nice print quality (conversation with Melody Lin, 23-05-12). This entails that they are expensive magazines and it is not a magazine you can get on every street corner (conversation with Melody Lin, 23-05-12). The agreement covers a one page ad for Kvadrat in the magazines and along with these a two-page feature article related to Kvadrat (conversation with Melody Lin, 23-05-12).

In the interview, Jørgen mentions that the advertising with shapes upholstered with Kvadrat textiles (see examples in appendix 1) are not suitable for the Chinese market as the knowledge about Kvadrat is so limited that the Chinese will not know what the advertisement is for (appendix 4, lines 70-71). But unfortunately, this is exactly what Kvadrat has chosen to do: use advertisements with coloured shapes. Whether this decision is made due to lack of communication between the country director in China and the marketing department in Denmark or whether it is a deliberate decision as a part of the standardised strategy is currently unknown.

As described in the theoretical framework, B2B advertising could have one of four goals:

1) Create awareness about a company among customers or potential customers,

2) Provide information about the qualities of one or more products,
3) Help sales representatives to more efficient selling efforts,
4) Or reduce overall selling costs.

According to Melody the top priority is to spread the word about Kvadrat (conversation with Melody Lin, 23-05-12) and this is reinforced by Jørgen’s statements about the lack of knowledge about Kvadrat among the Chinese architects. In other words, goal number one of the above mentioned should be Kvadrat’s main focus. But the advertisements in Frame and Mark may not support this goal very well. As Jørgen points out: “[...] even though we write ‘Kvadrat’, no one will know who we are” (appendix x, lines xx, quote translated). And these advertisements may not do much good in changing that. The advertisements only show the coloured shapes and the word Kvadrat so for all the Chinese architects know, Kvadrat could be the product name of these coloured shapes or it could be the company that sells them – neither of which is accurate. Jørgen argues that this type of advertisement is perfectly suitable in the European market where they “[...] do not even need to write ‘Kvadrat’” (appendix 4, lines 75-76), but that is not the case in China - yet. So is this case it seems like the standardisation has been taken a step too far; The advertisement that is perfectly suitable for the European market can not be transferred to the Chinese market where the situation is so strikingly different.

But one of the things that compensates for this use of advertisements is the fact that when the advertisements are printed in the magazines it will be followed by a featured article with relation to Kvadrat. One of these articles has for instance been about one of the designers who collaborate with Kvadrat on makes new textile designs (conversation with Melody Lin, 23-05-12). So in case the readers of the magazine do not understand the advertisement, it is possible to get more information from the following pages. However, this is not the most expedient solution. If the advertisement is misunderstood – or not understood at all – and the following article does not have a unmistakable focus on Kvadrat it may be very difficult for the reader to link these two pieces of information and get a meaningful message out of it. So it seems like the featured articles are used as a quick solution to ‘fix’ a piece of standardised marketing communication which is clearly not suitable for the market. This is definitely not a good long term solution.
According to Melody, the biggest challenge for Kvadrat with regards to press coverage and PR is the strong focus on project references rather than the actual products (conversation with Melody Lin, 23-05-12). But maybe this does not have to be considered as a problem just yet. As she mentions herself, China is a huge country and in order to stand out in the crowd Kvadrat will have to show who they have worked with and furthermore, the professional magazines are filled with project references from all sorts of projects anyway (conversation with Melody Lin, 23-05-12). As it was mentioned in the previous chapter, knowledge sharing among Chinese architects is rare. Hence, magazines like these could be considered as their source for knowledge about trends and new projects and for Kvadrat to be mentioned in some of the project references may therefore not be a bad thing.

The level of knowledge about Kvadrat also has an influence on the relations between the Chinese architects and their clients. In his interview, Simon mentions that “[…] when you’ve got a brand, then it’s fairly easy to persuade the client to sort of go with you” (appendix 3, lines 176-177). So this is not just about using marketing communication tools like advertising and PR to increase awareness within the target group of Chinese architects; it is also about making it easier for them to specify Kvadrat textiles for the projects they work on. This can be linked with the theories about the importance of preserving or even building face. Once a company and their products are well-known it can be considered as the ‘safe’ choice to buy the products from that company, rather than buying something from a company less known within the industry. As it was also mentioned, Chinese are generally reluctant to pioneer and this could again be one of the reasons that explain the preference for well-established brands.

5.2 Trade shows and events

There are trade shows in China that are directed towards the industry that Kvadrat targets, but it has been found that the quality of these shows is not of the standard that is usually found in the big European shows. So until now, Kvadrat has not exhibited in trade shows in China (conversation with Melody Lin, 23-05-12). If you are to believe the theories presented in the previous chapter, this decision may have a big influence on the efficiency of Kvadrat’s marketing communication in China.
As it was mentioned in the theoretical framework, trade shows provides a very good situation for meeting customers and potential customer. As the scholars argue, entire industries and everyone interested are gathered in one place at the same time. This is an opportunity that does not come with many of the other marketing communication tools.

One of the arguments for not exhibiting during trade shows was that the people who visit the shows are not all there due to the interest in the industry; Quite a few will visit the shows just to collect ‘free stuff’ (conversation with Melody Lin, 23-05-12). However, Blythe (2009) has pointed out that there are many different types of visitors at any trade show, so this is not just the case in China. This is of course not the full explanation for why Kvadrat has not exhibited at trade fairs in China; also considerations about budgets are major factors (conversation with Melody Lin, 23-05-12). At the moment the questions Kvadrat seems to be asking is: can we afford to do it? But maybe the question should rather be: can we afford not to do it? The thing is that the Chinese are very focused on relationships, the concept of quanxi, even in business contexts. This implies that the Chinese feel reluctant to do business with strangers. But this is where the trade shows becomes really important; these settings are as made for first meetings between businesses and their potential customers. Since Kvadrat is still not well known in China this may be the settings that could improve awareness within the industry. Furthermore, these settings have also proved to be among the favoured ways of building and strengthening relationships with existing customers.

The most important benefits from exhibiting at these shows will be the intangible benefits that were described in the theory section. To be able to build and strengthen personal relationships with (potential) customers through face-to-face communication may be one of the most important things Kvadrat can do to move away for the standardised marketing communication. This relationship may even provide further insights into the needs of Chinese architects and by that prepare Kvadrat even better for a very effective and efficient localised marketing communication strategy.

As it was also argued in the theoretical framework industry trade shows may not reach further than that particular industry. However, trade shows can be of great value to Kvadrat, even though it may not cater to anyone outside the industry. For the time being, Kvadrat is much focused on architects
and exhibiting on a trade show – or in connection with one – may help Kvadrat to communicate their presence in the Chinese market and in particular in the construction industry.

But as with everything else, this is about weighing pros against cons. Should Kvadrat exhibit in a trade show that does not live up to the European standards of trade shows? Or is it even worse not to be there at all? In any case, this is an aspect of marketing communication in China that should be investigated further by Kvadrat as scholars present trade shows as one of the important, relation building tools of communication.

But what lacks in attendance at trade fairs may be compensated by events planned and hosted by Kvadrat. Kvadrat often works with designers on one-off projects (Anders Byriel, team meeting in Ebeltoft, 15-03-12) which result in various exhibitions and events. In November 2011 the opening of the showroom in Shanghai was celebrated with an event and the same will happen in September this year to celebrate the re-decoration of the showroom (conversation with Melody Lin, 23-05-12). On this occasion, a few installations made by young designers in collaboration with Kvadrat will be exhibited in the showroom (conversation with Melody Lin, 23-05-12). For these events, Kvadrat invite a number of architects, designers and representatives from the press. This may, as well as the trade shows, provide a golden opportunity for building and strengthening relationships with the customers. However, events like these cannot compensate entirely for the benefits of exhibiting at trade shows as the people who will be invited for Kvadrat’s events are likely to be customers or press contacts who Kvadrat has already established a connection with. This means that Kvadrat’s events can function as a tool for strengthening established relationships, but it is less likely that new relations will be formed. Hence, this does not do much good for ‘spreading the word’ about Kvadrat in China.

5.3 Communicating quality

There is one point in particular where Simon and Jørgen seem to disagree quite a bit. While Simon thinks that the Chinese clients looks for quality and guarantees (appendix 3, lines 160-161), Jørgen argues several times that the Chinese are not able to tell high quality textiles from the low quality and that it, by the end of the day, does not have an influence anyway (appendix 4, lines 31).
This seems to be two opinions that cannot possibly both hold true, but maybe they can. As Jørgen mentions Kvadrat focuses on a variety of segments in the Chinese market, e.g. hospitality (restaurants, hotels etc.), healthcare (hospitals, clinics, nursing homes etc.) and cultural spaces (opera houses, museums, concert halls etc.) (appendix 4, lines 82-85). And the difference in preferences and the importance of the textile varies a great deal between the segments.

As Simon mentions when asked about when the architect starts to make considerations about the choice of textile for a project, it will depend on the project and the role of the textile (appendix 3, lines 82-84). In projects like opera houses, big auditoriums or restaurants with large number of seats, the importance of the quality of the textile used to upholster the seats is likely to have stronger influence on the choice of textiles compared with e.g. the choice of textiles for curtains for a nursing home or the waiting room at a clinic. As Simon mentions: “I think an opera house, well for any place with paying auditor or visitor you will probably want to spend more time on the seat than anywhere else” (appendix 3, lines 188-189). This could be one of the possible explanations for these two very different thoughts about the Chinese customers.

So it would not be right to say that Kvadrat should not focus on quality as part of their marketing communication. After all, high quality form the cornerstone of Kvadrat’s products and it is evidently important for some of the segments that Kvadrat wants to cater to.

This difference in importance of the textile is related to the effectiveness of intrinsic and extrinsic motivators. As it was mentioned in the previous chapter, intrinsic motivation is preferred – or can be enough – in cases where the product in its own is intrinsically interesting and critical for the client. This could be the case for architects working on project such as big auditoriums like e.g. concert halls. In these cases the upholstery of the seating can be crucial to the look and feel of the room as a whole since the seating take up the majority of the space and this is what Simon refers to when he talks about the architect spending more time on the seating than anywhere else. Here, the upholstery is essential and the marketing communication can then focus solely on the qualities such as durability and warranties.

On the other hand we then have the projects where Kvadrat may need to resort to marketing communication with extrinsic motivators. In these projects textile is a ‘minor detail’ and not something
that will have great influence on the aesthetics or usefulness of the room. As it was mentioned before, it can be effective to ‘borrow’ the clients interests and focus on something (s)he care about. In this case, what the Chinese architects seem to care about is preservation of face, *mianzi*, as Jørgen mentions several time (appendix 4, e.g. lines 91-92). In these instances, it is not enough that the quality of the product and warranties are reflected in marketing communication; something else is needed. This ‘something’ could be references to landmark projects in China or projects done with well-known and well-renowned brands like the ones Jørgen mentions: Louis Vuitton, Gucci and BMW. These references do not tell about the quality of the product and the warranties, but instead it works as the seal of approval.

This kind of extrinsic motivation – using references in the marketing communication – may be especially effective in China where the matter of preserving face is of great importance, just as it was mentioned in the previous chapter. This is also an aspect of the Chinese culture that has been noticed by Jørgen as he mentions that all that matters for the rich Chinese companies is to show face by proving their wealth (appendix 4, lines 91-92). Furthermore, the knowledge about the fact that Kvadrat’s textiles have been used by famous brands could allow the architects to feel that it’s a ‘safe’ choice.

It may often be international architects who get to work on the very big projects that can afford to specify Kvadrat textiles and in that case, their knowledge about Kvadrat is not the problem as the international architects will most likely know about Kvadrat from their presence in Europe (interview with Jørgen, appendix 4, lines 15-16). But Chinese architects are up-an-coming as it was discussed in the previous chapter, so it will be essential for Kvadrat to increase awareness among this group of local Chinese architects as it may be architects from this group who will start to win competitions and get the prestige projects in the near future.

### 5.4 We are Kvadrat

*We are Kvadrat* is one of the new brochures Kvadrat has made in order to provide (potential) customers with a little information about the company (see appendix 2). The original English text has been translated into 8 other languages: Swedish, German, Dutch, Italian, Spanish, French, Danish and Chinese. But despite the translation to Chinese, this text was not found fully suitable for the
Chinese market (appendix 4, lines 64-65) and in order to adapt the text to the needs, a single interposed sentence was added to the original text: “such as Cartier, Louis Vuitton, Jil Sander, BMW” (appendix 2). Furthermore, two images were added to support the appeal to the Chinese architects (conversation with Shawn Cook, 23-05-12). These do seem to be minor changes, but still: it is an attempt to adapt otherwise standardised marketing communication to local needs. This is a good start, but it does not seem like the job has been finished and if this analysis has showed something this far, it is that quick fixes is not the best way to go.

One of the effects Chinese culture has on marketing communication conducted within the Chinese market is that companies should never praise themselves and they should definitely never refer to leadership within an industry, not even in B2B relations. Unfortunately, this is not something that Kvadrat seem to have taken into account for the version that is meant for the Chinese market. In We are Kvadrat the very first sentence is this: “Kvadrat has been leading the field in textile innovation since 1968 when our company was first founded”. This is then shortly followed by: “Our long heritage of design excellence [...]”. And further on: “Our long history of influencing contemporary design culture [...]” (see appendix 1). This is definitely not an example of perfected cultural adaption such as suggested by Gong (2003). Instead, this is seems like a case were a few additional corrections could have prevented some of the don’ts in Chinese marketing communication.

This is not to say that Kvadrat should not be praised in the Chinese version of the brochure, by no means. But instead of wording their own praise, Kvadrat could consider using testimonials. And especially testimonials from someone related to the prestigious project references may be far more effective and considered more trustworthy than the ‘claims’ made by Kvadrat themselves.

As mentioned in the theoretical framework, reference groups are of immense importance in the Chinese context, apparently also in business contexts. Jørgen argues:

They just jump on the train, right? ‘Well, BMW does it, Louis Vuitton does it, so we should do it as well – that must be the right thing to do’” (appendix 4, lines 264-265, quote translated).
Hence, if the architects – or their clients – consider BMW, Louis Vuitton or some third company as part of their reference group, a testimonial from one of these may be much more worth than any of the information provided by Kvadrat.

Also, it could be argued that the image on the front cover of the brochure – which pictures the same shapes as the advertisements – should not be suitable for the Chinese market, but in this case the image is used on the cover of a brochure about Kvadrat (not merely something related to the company) and inside the brochure there are plenty of text and additional images that explains who and what Kvadrat is. So in this particular instance, the use of the coloured shapes cannot be considered as misleading for the architects who get their hands on this brochure.

5.4.1 Project references
Kvadrat has chosen to let *We are Kvadrat* to be accompanied by nine project reference cases and this does seem to be very suitable for their marketing communication in the Chinese market, based on what has previously been mentioned in this analysis. As the previous discussion has showed project references can make the difference.

As Jørgen mentions, there are many different segments to appeal to in the Chinese market, e.g. the hospitality and the healthcare segments, but the variety in segments is not reflected in the project references. Actually, six out of the nine project reference cases that are included display projects of big auditoriums such as concert halls and opera houses. It may be that it can pose a problem that the reference cases almost only include references to cultural projects like opera houses and concert halls.

As it has now been pointed out a few times, Kvadrat is not well known among architects in China, and it could be argued that this relatively one-track focus in the selection of reference cases may give the idea that Kvadrat mainly caters to architects working on major cultural projects like the ones represented in the references. International architects may know that Kvadrat delivers to a great variety of different project, but the local Chinese architects will probably not.

On the other hand though, cultural landmark projects like the ones shown in the references are among some of the big references for Kvadrat, especially the ones in China. One of Jørgen’s main
points is that the Chinese crave prestige and show face and the project references included here are indeed prestigious projects and could very well work as intended by offering the ‘safe choice’ to Chinese architects and their clients. Jørgen even points out that the Guangzhou opera house was particularly important as the involvement in this project lead to an increased number of orders for opera houses, auditoriums and the like (appendix 4, lines 23-24). Yet still, since there are now a number of references to projects like the Guangzhou opera house it may be about time to look at some of the projects that relates to the remaining segments.

5.5 Integration of marketing communication

As one of the first points made in the theoretical framework, integrated marketing communications takes its point of departure in the customer’s need and this is exactly what Kvadrat should have in mind when developing their marketing communication strategy for the Chinese market. As it has been pointed out in this analysis it is imperative that Kvadrat develops a strategy that embraces the various needs of the segments they want to approach. From this analysis it seems like two foci needs to be integrated to one: the focus on products will need to be balanced with emphasis on reference cases. These two foci encompass both types of motivations: intrinsic and extrinsic. These two motivation strategies seemed to be the key to a marketing communication strategy that should suit a great variety of segments. If Kvadrat can develop such a strategy and manage to integrate the various elements in their marketing communication mix it seems like they will have created a strong base for a localised marketing communication strategy.
6 Trustworthiness and limitations

This chapter will assess the trustworthiness of this research and point to the limitations of the results and conclusions that has been drawn in the analysis.

A triangulation of methods for data collection has been applied in this piece of research. This has been done in an attempt to ensure the trustworthiness of the research and thereby the results. The three different sources of data, from conversations with Kvadrat employees, semi-structured interviews and secondary literature, has each contributed with a different perspective on the problem and combined it has been possible to ‘cross-check’ the findings as it is suggested by Bryman (2008).

The external validity is a weakness in the research design chosen for this study. External validity is concerned with “[…] the question of whether the results of a study can be generalized beyond the specific research context” (Bryman, 2008, p.33) and the external validity of this case study – or usually of any case study (Bryman, 2008) – is of course very low. It is important not to delude oneself into believing that conclusions made from this case study can be generalised beyond the scope of the research. Also the deductive approach in the analysis is limiting the generalisation of the study because this approach takes us from the general to the specific. However, this does not affect the validity of the conclusions. The conclusions made in this thesis are based on the research that has been conducted for this particular purpose. Hence, this conclusions made on the basis of this case study are not ‘contaminated’ by the lack of external validity.

Only two interviews were conducted and this may constitute a limitation for this piece of research in its own. But despite the few interviewees, it is evaluated that the interviewees chosen for this research still offers the knowledge that is necessary in order to answer the problem formulation given in this thesis. Combined, the two interviewees hold knowledge about Kvadrat and the situation in the Chinese marked and have an insight into the needs of Chinese architects. And as the purpose of this study is not to generalise the findings, this limitation does not influence the trustworthiness.

A second consideration about the interviews is the role of the interviewer. In semi-structured interviews it is up to the interviewer to ensure that the topics outlined in an interview guide is covered, but it also ensure that the topics are covered with relevance for the problem formulation. As it can be
seen from the transcriptions of the interviews in appendix 3 and 5 and in the interview guides in appendix 5, questions related to the effect of country-of-origin was asked. However, the answers from the interviewees were not very relevant for the problem formulation as they were focused on the strategic aspect of moving production to China rather than the influence country-of-origin could have on marketing communication. This lack of relevance should have been noticed by the interviewer so that the interviewees could have been steered back on track. Unfortunately, this did not happen, possibly due to the interviewer’s lack of experience with semi-structured interviewing and hence, the effect of country-of-origin was omitted in this thesis. This has of course increased the limitations of this research, but it can be argued that this does not have an effect of the trustworthiness of the results. The data from the interviews that has been analysed were all still very relevant for the problem formulation and there has not been an attempt to make the answers related to country-of-origin fit the research. In this way, the analysis is based on the findings that was relevant for the problem formulation and has thus not been affected by the content that was not.

As it was mentioned earlier, knowledge can never be certified as the ultimate truth and it is ever changing. This will of course have consequences in the way that this piece of research represents a static image of the situation and that it is not necessarily depict the entire situation. Knowledge is embedded in and dependent on context and this is the condition in the social constructivist paradigm (Wenneberg 2007). Hence, the result of this research will show the situation (or part of it) as it was at the time when the interviews were conducted and it will not necessarily hold true on the future.
7 Conclusion

Marketing communication can be a challenge in its own: sending the right message and providing the necessary information through the appropriate mix of marketing communication channels seems like a complex task. And this complexity is by no means simplified when the need to communicate globally has arisen.

This is the situation Kvadrat is currently in. They have entered a new market and they have found that their standardised marketing communication was not sufficient for effective communication in this new market. Hence, the purpose of this thesis was not to determine whether or not Kvadrat should localise their marketing communication; that had already been decided for them. It has then been the ‘how’ of localisation, a complex question that has not yet been widely covered in existing literature that has been the focus of this research. And to localise marketing communication to the needs in China has indeed proved to be a complex challenge. However, as it has been discovered in this thesis, there are multiple ways for Kvadrat to localise their marketing communication to the needs of their target group, Chinese building architects.

So to answer the question about how Kvadrat should localise their marketing communication to suit the need of Chinese architects, the following points can be made:

As Kvadrat finds themselves in a situation where there are not a well-known company amongst their target group, special attention should be paid to the localisation of their advertisements. Evidently, the imagery used is the advertisements assume prior knowledge about Kvadrat in order for the ‘receiver’ of the message to fully comprehend and understand what these advertisements are promoting.

Like other product manufacturers, Kvadrat’s advertising and PR is naturally focused on their products. But the appeal stemming from the product qualities does not seem to be enough for a large group of the Chinese architects. Because marketing communication is generally distrusted and the lack of knowledge sharing between the architects it seems necessary that Kvadrat keeps some level of attention to the association with project references. These references indicate a certain level of prestige and they will allow the architects to feel more comfortable in the sense that it ensures that
the architects will be able to protect and preserve *mianzi* as the products has already been used and approved by others.

Another area where Kvadrat should consider increased sensitivity to local needs in the market is trade shows. Not only do the trade shows provide a golden opportunity to meet people from an entire industry at the same time, it could potentially help the architects to convince their clients about the qualities of Kvadrat textiles. It is likely that the result of attending trade shows will be

It is now imperative to point out that this solution on how to localise to meet the needs in the Chinese market is a direct result of the methodological decisions and choices and the researcher’s interaction and interpretation of the data collected. This is – most likely – not the ultimate true or only possible option, but the validity of the suggestions made in this thesis is not compromised. Rather, this view of an ever developing ‘reality’ should only encourage a continuous process of keeping a close eye on the marked and adapt the marketing communication accordingly.
8 List of references


Kvadrat (2012b). *We are Kvadrat*.


