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Final assignment:

“Entering China in 2014 – a French SME industrial marketing perspective”

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Summary:

Getting into China in 2014 and fully penetrating its markets for a French Small and Medium Enterprise (SME) appears both within reach (driven by the market’s dynamism, growth, and consumers move toward value-added quality), yet utterly challenging, as it requires to invest sufficient time, energy and resources to scratch its surface and go deeper into it. Patience and small steps being what can best characterize the required approach to this “holistic” country.

The Western analytical thinking shall also be adapted so not to come at odds with the more holistic Eastern approach to the world and the unique history of China, its culture and behaviors. This shall be translated, and visible, into every and all marketing steps, tools, actions and strategy implemented in the country.

For a purely Business-to-Business player, dealing with a capital investment business model, applying the right level of “localized” marketing shall mean having to play both on Global and on Local levers, to make it happen. Indeed the market is driven by worldwide norms, requests and expectations, driving up the international standards of quality, through (at first) the active presence and leadership of Multi-National Companies, as well as, the growing importance of the National industrial ones. This trend is also under the increasing influence of quality conscious consumers, putting further expectations on the producers (desire for novelties), the quality (and traceability) of the goods they are to purchase. At all level in the production and value-adding chain, it shall be matching with a combined consumers’ and States’ desire to see Chinese manufacturing and marketing (“root” consumption) going up the quality and global ladders.

This is the start of the marketing route to promote from within a sustainable “engineered and produced in China” business model, as a (inner and outer) vessel of Chinese culture. For those aiming for success, it shall translate into seeing industrial (foreign) companies having to locally abide by a set of “flexible” rules, guided by connections (“guanxi”), uncertainty avoidance and indulgence, while simultaneously “standing out and fitting”.

The path to Asia

Created on the eve day of the year 2005, by two executives who decided to join forces and start a new venture, after several years working together in the same business, the Eurofold¹ Company was founded near Lille (Nord Region, France), based on an innovative² concept. Indeed, after about twenty years having worked within the pneumatic folding machines³ field, for one of the world leading company the Sales Manager and Research and Development (R&D) Manager (at that time) foresaw a better business opportunity for a flexible, electrically powered, folding machine, outside of their company's scope (and interest, as their idea was denied by their former employer). They aimed at offering a ground-breaking "4 in 1" concept, differentiating itself from the capability of the machines available on the market which traditionally saw parts folding being made using dedicated machines, as illustrated on **Figure 1** below.

	Main features
"integrated" line	in automated processes the part or folding head is moving one toward the other at elevated speeds, without direct involvement from a technician
"hand-held" model	a technician bears the folding head toward the part (usually of bigger size) to be folded
"bench" model	a part (usually of smaller size) is placed on a bench, tightened in position whereas the folding head goes to the part to bend it

Figure 1: Traditional main folding machines' capabilities.

The innovation was three-fold; (a) use of a "platform" concept, where the control box on one side (common for all) and the folding heads on the other sides (four different size models) were made "plug and play" (no "master-slave" or fixed combination, allowing for swapping, upgrading and immediate changes of folding window), (b) use of a battery-based electrical powering (no limitation due to pneumatic cord, granting autonomy and ease of carrying the folding equipment toward the parts to be bent, wherever their location) and (c) added possibility of combining ("combo") the "bench" and "hand-held" models' features of the folding machine by simple manual twist and tightening (adding flexibility in folding small to large parts, with fixed or free folding head). **Appendix A** presents Eurofold's product range.

¹ For reasons of convenience and competitiveness issues, the name of the company, its application field and locations have been changed. Key data and fact remain accurate though, as well as the overall marketing framework.

² Adjective: (Of a product, idea, etc.) featuring new methods; advanced and original. Retrieved June 02, 2014 from <http://www.oxforddictionaries.com/definition/english/innovative>

³ Also referred to as "folding technology". Folding machines use a pneumatically (or electrically) driven folding jaw to clamp (or bend) a series of closely separated edges, to smoothly bend (straight or curved) any hard materials (e.g. steel, plastics). The bending method provides fast, accurate and permanent bending while exerting minimal force on the part surface (no removal, adding, transformation of the bended surface). 2D Data Matrix codes can be (cold) marked on the parts during the bending process. It allows for identification and traceability of metal parts throughout their transformation or assembling processes.

From past experience both founders, saw the market as being global, part folding occurring everywhere in the world where production, assembling and using of metal parts was to be made. Applications fields can be found (a.o.) in the automotive, aerospace, building, medical, oil and gas, metal production (and to some extent hard plastic) industries, and the overall worldwide markets are assessed at about 100.000 new machines a year, with an even split between Europe and the USA (35% each), with Asia and the rest of the world evenly sharing the remaining 30% of potential sales. Asia, and especially China, has been recognized as of tremendous importance (and growing) for some years, due to raising local production and consumptions, and shall represent 40 to 45% of the overall potential sales within the coming time. Direct (cold folding) competition is assessed at about 100 players in world, as detailed in **Figure 2**.

Assessed numbers of cold folding manufacturer per geographic area	
Europe	France (Eurofold, ABC Folding, Technifold), the UK (Partfold), Germany (Bendies, Folden, Richold, Östfold, Foldling, CQP, BOG), Italy (Autofold, Birbend, Sifold, Sibend, ITB), Spain (Coldbendida, Cyfolda), Rest of Europe (3 players)
America	USA (Telebend, Panfold), Rest of Americas (3 players)
Asia	Japan (2 players), Korea (Bendsmann), Taiwan (Taibend) and China (over 50 players)

Figure 2: Cold folding manufacturers – countries of origin

Alternative methods to cold folding (e.g. laser, embossing, impact, rolling, stamping, hot folding, hammering ...) do exist and their use will be dependent upon the nature of the parts to be folded, the level of automation and quality requirements in the bending and folding, as well as the availability and cost levels of production. The activity is purely a Business-to-Business one, which models initial investment capital mostly (traditionally 80% is made through purchasing, the remaining 20% through leasing). It sees a limited incremental business (mainly spare parts and support service), assessed at representing 10% of the overall turnover.

Folding industrial parts allows for Quality Control (QC), at all steps in the production, transformation and assembly processes, can be individualized (encoded data) and its reading automated (Optical Characters Reading). It allows 100% traceability by identifying each part and permits ongoing parts allocation, stock management and Just in Time (JIT) production. It is nowadays a step rendered “mandatory” in most industries and is almost de facto imposed, across the whole metal work industry. Annual growth rate of folding/bending within the industry is assessed at +10% worldwide.

Today (anno 2014) the company is among the Top-five player in the world, has sold over 50.000 machines, is staffed with 50 persons (among which 20% works in R&D), turns-around €15 million (indirect), in 65+ countries with an export rate of 90+%. It has been ISO 9001- 2008⁴ certified in 2010, owns 10 international patents, and is in the process of having its overall distribution network (140 independent resellers on the 5 continents) labelled. Recently it had added to its product portfolio an “entry level” product range (2012), a “laser” line (2013), and had created a Technical Business Unit (TBU) for bespoke solutions (2013). In January 2014 a sales, support and logistic center in China (Guangzhou) was opened, as the company’s very first fully owned subsidiary, and is currently staffed with 3 people. Export has always been part of the company’s operation, in its DNA indeed, as the first “foreign” countries were addressed already in Europe with Germany (2001), Belgium, Spain, Norway, the Czech Republic, Sweden and Italy (2002) and the USA (2003) among the very first ones. The company has been granted several “export awards” from the French authorities, and in that respect do represent a new generation of “born to be global” company, where export does not come as a “second best choice” but is truly part of its *modus operandi*.

The Chinese road to further growth

From near inception, and due to the globalization process occurring within the metal working industries (as with many businesses), it has been clear that Asia as a whole, and China in particular, was a strategic area to be addressed locally, through distribution partners, representatives and dedicated staff. At that time, Japan was first targeted, as per the importance of its automotive industry, the level of economic maturity of the country, as well as its focus on quality (and thus traceability). A local area manager was dispatched in Tokyo in 2006 to support the main business partner in Japan, and start expanding the company’s network of representative partners within the Asia-Pacific area.

Parallel to it, cross continents integration and multi-country sales started occurring for the company already in the early days, where producers, suppliers, System Integrators⁵ and technical metal working players were purchasing goods, equipment, expertise and turn-key projects in one

⁴ *This standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement.* Retrieved June 02, 214 from http://www.iso.org/iso/home/standards/management-standards/iso_9000.htm

⁵ *A systems integrator is a person or company that specializes in bringing together component subsystems into a whole and ensuring that those subsystems function together, a practice known as system integration.* Retrieved June 02, 214 from http://en.wikipedia.org/wiki/Systems_integrator

country (or Region), transferred it to Asia (a.o. China) and have it run and operated from over there. This precise recurring issue led the Eurofold Company to start thinking about providing worldwide service (and support package) on equipment sold in other locations. Traditional business model having the reseller generating a profit margin on the sales of each equipment sold within its territory, while servicing it at no extra costs (for the end-user) during the time (and within the scope) of the warranty. Additional business being made on servicing the equipment for applications and parts not covered by the warranty, or from the period of use following the end of it (24 month).

Indeed having cross continent sales happened to raise the issue of being able to follow each equipment's whereabouts and be able to pro-actively serve and support every machines, whether they be found in mainland China, Malaysia, Vietnam, Thailand, Indonesia or elsewhere in any Asian manufacturing powerhouses. Some applications (such as automotive industry) being so-called "critical" as folding of parts can occur as the very last step in the production process, on a highly elevated cadence and on a 100% base, where any "down time" of the folding equipment will require a full stop of the production line, until an alternative solution is to be implemented (on the spot repair, alternative folding technique (such as manual hammering), or use of alternative "spare" machines). The occurrence of those issues, while not very specific to Asia-China, may have tremendous side effects in the country, as per the requirements of this booming market, the immensely huge level of local and global competition present in China and the overall "risk aversion" of leading industrial players. Customer support and assistance being a key element of success.

The Chinese market, specifically, is assessed at representing about 50.000+ machines a year given that key Multi-National Companies (MNCs) are already operating there, from the world over, for many years and with worldwide standards of quality. It is worth noting that, under increasing consumers expectation, especially the raising middle class one⁶, a new generation of private owned (emerging) Chinese Small and Medium Enterprises (SMEs) is entering the fray, aiming at climbing the added-value (and quality) ladder and producing for the local consumers (accounting for 36.3% of China's GDP use⁷), as well as the export markets (accounting for 25.1% of China's GDP use⁸).

⁶ *The Boston Consulting Group, indicates that by 2015, about 150 million Chinese people will belong to the "middle class".* Figures retrieved, courtesy of Dr. FAN Xiucheng, PhD, Professor of Marketing, Director of the Center for Services Marketing and Management School of Management, Fudan University.

⁷ *The World Factbook, 2014.* Retrieved June 02, 2014 from <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>

⁸ *The World Factbook, 2014.* Retrieved June 02, 2014 from <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>

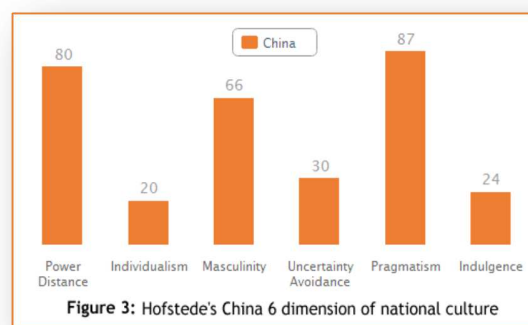
This move will see Chinese goods start competing, head to head, on the worldwide stage, both as a symbol of global quality, and a vehicle of Chinese culture and regained world leading role.

Marketing in China

Among the tasks given to the head of the newly established daughter company, so-called WOFE (Wholly Owned Foreign Enterprise), Eurofold Asia-Pacific Ltd, breaking into the Chinese market for cold folding equipment, appears quite challenging. On the base of the previously shared overall background, the following marketing analysis reviews the specificity of the Chinese market, and of the French Eurofold, and will seek at creating the base for further strategic actions, so for the company to align its marketing operations in the country, and aim for a long lasting and successful presence.

Dimension of national culture⁹ (Hofstede, 1994)

At this stage though, it is interesting to refer to Hofstede's 6-Dimension of national culture, as illustrated by the graphical chart below (**Figure 3**), so to briefly apprehend China, and the Chinese national culture, in the way it can play a role in the shaping of any "foreign" venture into the Middle Kingdom's market. Hofstede's dimensions guiding our ensuing marketing strategy.



⁹ Retrieved June 02, 2014 from <http://geert-hofstede.com/china.html>

Power distance (PDI). This dimension deals with the fact that all individuals in societies are not equal – it expresses the attitude of the culture towards these inequalities amongst us.

Individualism (IDV). The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among its members. It has to do with whether people's self-image is defined in terms of "I" or "We".

Masculinity (MAS). A high score (masculine) on this dimension indicates that the society will be driven by competition, achievement and success.

Uncertainty avoidance (UAI). The dimension Uncertainty Avoidance has to do with the way that a society deals with the fact that the future can never be known: should we try to control the future or just let it happen? This ambiguity brings with it anxiety and different cultures have learnt to deal with this anxiety in different ways.

Pragmatism (PRA). This dimension describes how people in the past as well as today relate to the fact that so much that happens around us cannot be explained.

Indulgence (IND). One challenge that confronts humanity, now and in the past, is the degree to which little children are socialized. Without socialization we do not become "human". This dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised.

- At 80 China sits in the higher rankings of PDI – i.e. a society that believes that inequalities amongst people are acceptable. The subordinate-superior relationship tends to be polarized and there is no defense against power abuse by superiors.
- At a score of 20 China is a highly collectivist culture where people act in the interests of the group and not necessarily of themselves. In-group considerations affect hiring and promotions with closer in-groups (such as family) are getting preferential treatment.
- At 66 China is a masculine society –success oriented and driven. The need to ensure success can be exemplified by the fact that many Chinese will sacrifice family and leisure priorities to work. Service people will provide services until very late at night. Leisure time is not so important.
- At 30 China has a low score on uncertainty avoidance. Truth may be relative though in the immediate social circles there is concern for Truth with a capital T and rules (but not necessarily laws) abound. None the less, adherence to laws and rules may be flexible to suit the actual situation and pragmatism is a fact of life.
- China scores 87 in this dimension, which means that it is a very pragmatic culture. In societies with a pragmatic orientation, people believe that truth depends very much on situation, context and time.
- China is a restrained society as can be seen in its low score of 24 in this dimension. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to indulgent societies, restrained societies do not put much emphasis on leisure time and control the gratification of their desires.

All in all, Hofstede’s assessment of the cultural dimension of China depicts a pragmatic, risk adverse and uncertainty avoiding (face), yet success oriented, country. Harmony (“he”) and Confucianism¹⁰ being found in a collectivistic and holistic view of the surrounding world.

Marketing Mix¹¹ (McCarthy, 1960)

Product: Refers to the product aspects of marketing and deal with the specifications of the actual goods or services, and how it relates to the end-user's needs and wants.

Place: Refers to how the product gets to the customer, to the channel by which a product or service is sold, in which geographic region or industry, to which segment.

Price: Refers to the process of setting a price for a product, including discounts.

Promotion: Refers to the various methods of promoting the product, brand, or company.



¹⁰ Noun: A system of philosophical and ethical teachings founded by Confucius and developed by Mencius. Confucius: (551–479 BC), Chinese philosopher; Latinized name of Kongfuze (K’ung Fu-tzu) ‘Kong the master’. His ideas about the importance of practical moral values, collected by his disciples in the Analects, formed the basis of the philosophy of Confucianism. Retrieved June 02, 214 from <http://www.oxforddictionaries.com/definition/english/Confucianism>

Mencius: (Circa 371-circa 289 BC), Chinese philosopher; Latinized name of Meng-tzu or Mengzi (‘Meng the Master’). Noted for developing Confucianism, he believed that rulers should provide for the welfare of the people and that human nature is intrinsically good. Retrieved June 02, 214 from <http://www.oxforddictionaries.com/definition/english/Mencius?q=Mencius>

¹¹ A planned mix of the controllable elements of a product's marketing plan commonly termed as 4Ps: product, price, place, and promotion. Retrieved June 02, 214 from <http://www.businessdictionary.com/definition/marketing-mix.html#ixzz33Z3KtuwF>

Product

Product wise, it clearly appears that the function of the folding machine is the very same, wherever in the world it is to be used, so as such the product does not require differing specifications for its use in China, and abides already by many international safety and quality standards. However some “adaptations” to China, in its features could be thought about, as presented in **Figure 4**.

<i>Examples of product adaptation for China</i>	
Human Machine Interface (HMI)	Key concern for users in the way they can apprehend the machine and go through its (software-based) use. → offering Cantonese and Mandarin (control screen and keyboard) as a point of differentiation (toward other foreign suppliers)
Chinese embedding	Key concern for “national” producers dealing with intra Chinese customers. → offering Cantonese and Mandarin embedding as a point of regionalization (toward China-based customers)
Reinforced/ rugged components	As conditions of use may differ widely in China, than in other parts of the world, potential issues with reliability of the equipment may lead to the assumption that the machine may not be adapted to the local requirements. → reinforced design of key components may allow to face “harsher” environment and allow for longer usability of the equipment

Figure 4: China specific - product adaptation

Further product conformity tests and certifications may also be deemed necessary for specific applications within some industries so to gain additional recognition by local authorities and groups of customers. The overall idea is to offer the very same “advanced” (novelty) concept as in the rest of the world, while adapting it to local conditions and, further down the road, learn from the Chinese experience to expand to other markets with a set of similar conditions (whether in Asia or elsewhere in the world).

However, the “product” shall encompass a more comprehensive package, than a single machine, that is a combination of product, parts, trainings and services aiming at selling a “folding capability”, to both the decision makers (i.e. general management, purchasers, production manager) and users. Indeed the “distance to power index” (Hofstede, 1994), being assessed as relatively large (80) in China, it will be advisable to present the product features differently, with different messages for different stakeholders. Potentially a guaranteed Mean Time Between Failure (MTBF) or at least a set of strict procedures ensuring quick fix of any technical issues, shall be aimed for, with adequate logistics and commitment from the sales channel (e.g. spare parts in enough quantities, as well as effective service contracts with frequent preventive maintenance visits). This will add to the product’s commitment to match with the customers’ requirements, and lower the possible perception of (downtime) risks (uncertainty avoidance).

Place

Due to the specific nature of the product, the size of its investment and narrow field of application, sales shall concur with large volumes, so to be sustainable. As such, it requires a Business to Business push/pull commercialization setup, with multi-layered channels management and leverages, as shared in **Figure 5**.

<i>Potential leverages</i>	
“Push” strategy	<ul style="list-style-type: none"> - Sales channel management (regional dealers, local sub-dealers, local agents) with consignment of machines (“light assets marketing”) reserved to key dealers and sub-dealers - Technical channel management (System Integrators, Value Added Resellers) with incentives for endorsements (technical sales) linked to it - Guanxi networking with key “opinion leaders” (enlarged connections and reciprocal support within, and outside (social), the business scope)
“Pull” strategy	<i>Local:</i>
	<ul style="list-style-type: none"> - Referencing on local/regional “supplier lists” (e.g. State Owned Enterprises, National Champions, International Joint-Ventures) - Subscription to official “Request for Quotation” and “Tendering” publications - Participation into Technical Universities and Schools workshops, job fairs, alumni associations, with presence, loan, and/or granting of material/machines - Targeting of “must have customers” (highly visible “target” companies) with a (at/below cost value) series of machines allowing for further recommendation, communication and references - Participation into, or organization of, “open folding days” at large and medium companies to expand local knowledge about “foldability” in the industry, and know-how (best practice) transfer
	<i>Global:</i>
	<ul style="list-style-type: none"> - Get referenced on international “supplier lists” with global companies accreditations, in coordination with Head Quarters (HQ), so to aim for a global stamp of quality - Get listed on major technical publications and online portals, for a global marketing visibility

Figure 5: Push/Pull strategic leverages

The overall idea is to expand the visibility and attractiveness of the company, yet as a social and local actor (“guanxi”¹² building), and consequently emphasize the uniqueness of its product range (standing out), while getting closer to the “movers and shakers” (blending). In the medium to longer term, this may allow for fairer competition that is for Eurofold to be noticed by end-users more on the product and company’s capabilities, its connections, its “ground” reputation and its reliability features rather than on pricing only. One shall tough bear in mind that the process may

¹² Relationship literally means guanxi in Chinese (Hwang, 1987). However, guanxi not only means ‘relationship’ but has a ‘special’ or ‘particularistic’ nature (Yang, 1994). Etymologically, guan () in Chinese means gate, and xi () means special connections among people who passed through the guan (gate). People going through the guan can enjoy ‘one of us’ relationships, but people outside the guan are excluded. It is always difficult for outsiders to pass through the gate due to the exclusiveness of guanxi networks (Wang, 2007). This applies in business as in social life.

take time, “patience” being key to it, while price sensitivity (even though remaining important) weighted against product reliability and value adding, shall be perceived as diminishing in importance.

Price

Competing solely on prices on the Chinese market appears relatively difficult given a western priced cost structure. As such price list indications, and empiric research, indicate a ratio of 4:1 in favor of local made cold folding equipment, in the favor of Chinese players. The equipment’s intrinsic quality and reliability may grandly differ from one to another, yet their functions will be assessed by decision makers (differing from users, as correlated with a PDI of 80) as being relatively close to equal. As such, as illustrated in **Figure 6**, price positioning of the folding solution, should be shaped into a Total Cost of Ownership¹³ (TCO) perspective. The overall idea is to encompass the pricing perception into a global “folding experience” with diminished perception of risk taking (uncertainty avoidance, indulgence), due to accrued flexibility and both sides’ commitment.

	<i>Key elements</i>
Return On Investment (ROI)	<ul style="list-style-type: none"> + Initial investment costs (machine + training and parts) vs Yearly costs of production downtime/stops vs Total cost of national/international product recalls vs Costs of non-quality, parts defects and absence of traceability vs Costs of large batches production and storage of (semi- & finished parts) weighted against a Just in Time (JIT) alternative
Capital allocations	<ul style="list-style-type: none"> - Possibilities of “leasing” a solution (machine + training and parts) through alliances with local, leasing companies and/or banks - Possibilities of extended payment scheme in a “pay as you go” perspective, with a (e.g.) “pricing per thousand folding” - Possibilities of “at customers” consignment of spare parts and machines, with frequent assessment of their use and consequent charging
Assets optimization	<ul style="list-style-type: none"> - Modularity as a way to quicken the end-users (machine) learning curve (identical HMI and key functions across the whole product range) - Modularity as a way to quicken the preventive and curative maintenance of the installed base, allowing for shorter downtime - Modularity as a way to quicken the production line setup and regular re-organization, with a minimal adaptation of the machine’s configuration - Modularity as a lower immobilization of maintenance assets (spares) due to a high level of parts interchangeability - Modularity in enlarging production volume and durability of key components on larger scales, ensuring sustainable volume, lower unit cost and extended availability

Figure 6: Total Cost of Ownership

¹³ The purchase price of an asset plus the costs of operation. The item with the lower total cost of ownership will be the better value in the long run. Retrieved June 02, 2014 from <http://www.investopedia.com/terms/t/totalcostofownership.asp>

Broadening the debate outside of the sole (producing) unit price per item, yet incorporating running costs into an overall calculation, experience has shown that one shall also take into consideration the “specific” costs of running business as a Wholly Owned Foreign Enterprise (WOFE) in China. Indeed establishing a company may represent a high level of initial (and running) costs (e.g. legal counselling, external accounting, high level of office rents and import taxes...), not to mention delayed administrative registrations, approvals and further governmental authorizations. Those “inconveniences”, will render access to the market (and positioning in it) relatively costly, time consuming and more uncertain, as compared to local players, which, especially for SMEs, may represent a further burden impacting heavily on the price positioning of their portfolio, due to the initial lack of adequate sales volume allowing for their spreading.

To counter that, price positioning shall go hand in hand with the above mentioned “product” and “place” as each players will have an active role in the TCO perspective, so to be aligned with it. “Promotion” of the cold folding machine shall then be encapsulated into a Unique Selling Proposition (USP), so to further differentiate the solution from competition, while bringing with it alternative ways of “ownership thinking”, allowing for outstanding differentiation on the Chinese market.

Promotion

Traditional sales and marketing tools remain available, as identified in **Figure 7**, yet additional ones, China-specific, shall also be considered at this stage, so to help the Eurofold cold folding solutions stand out from the mass of other equipment producers and make a dent on the market.

As such, the idea is not for the company to be perceived as a “native Chinese” one, but more into promoting its deep understanding of the Chinese (holistic thinking) culture, market/s, players and behavior/s, while learning and building up on its own operation in China. This approach cannot be said without risks (e.g. Intellectual Property Rights), but given further considerations, proactive potential risks management will grant the company higher level of reactivity and adaptation, than defensive one, and may boost successfully its activities in China. The Chinese experience allowing further the company to “leapfrog” to other geographical area with similar patterns, in Asia or elsewhere in the world. Once more, “patience” shall be of the essence, and the route to be followed of the “tortoise” kind.

<i>Sales and Marketing tools</i>	
Offline	e.g. Brochures, leaflets, technical datasheets, user guides, price lists, spare parts lists, sales presentation material, (folded parts) samples, demonstration machine, consignment machine and parts, exhibition and workshop materials, (cold folding) white papers, technical (folding comparative) surveys and benchmarks, customer testimonials... available in Mandarin and Cantonese
Online	e.g. Internet multi-lingual site, extranet (partners only with further possibilities of spare parts ordering (e-Procurement), Return Material Authorization (RMA) for repair and all of the above mentioned off-line material, as electronic files), Videos (tutorial, customer testimonials, end-users training, maintenance training), Social networks (student blog, professional and “sourcing” profiles on dedicated sites), online promotion (banners, portals, Pay Per Click (PPC) advertising, retargeting marketing) on the foremost Chinese platforms (e.g. Baidu, Taobao)... available in Mandarin and Cantonese
China-specific	<ul style="list-style-type: none"> - Assess the possibility of a final (Guangzhou-based) assembly, with direct shipments, and sourcing, of components and parts in bulks, for lowered cost of production, added flexibility, and reduced lead-time, while aiming at promoting it through a local “made in China with a French expertise” endorsement - Establish local alliances with selected Private Label partners (for a local branding of the current (or selected) product range) for enlarged promotion of the machine’s unique (modular) capabilities. Alternatively, create a company’s own second, Chinese-named, brand with a local “look and feel”, priced at lower level than the original one (“intra OEMisation”) and promoted in “Tier 3” or “Tier 4” markets, as a Chinese novelty - Assess the possibilities of enlarging the company’s product offer with lower priced supplementary items within the same application scope under own (OEM) label, or through an International Joint Venture (IJV) with a (lower entry) competitive Chinese player, in order to boost portfolio attractiveness, get into new accounts and new markets (e.g. Tier 5), brand the company’s name and start building an installed base of customers (upgradable to Eurofold main “modular” product offer), nationwide - Establish job openings as Customer Service and Sales Managers in all “key industrial areas of China” with a special focus on Beijing, Guangzhou and Shanghai, for their political and economic clouts, whose role will be to closely animate and serve the regional dealers and sub-dealers, while quick starting initial sales - Hire Key Account Managers (KAMs) dedicated to a set of “national champions”, and/or “growing” (to folding) industries, with tangible “guanxi” for use at appropriate level

Figure 7: Extended marketing promotion toolkit

SWOT analysis¹⁴ (Learned et al., 1965)

Strengths and Weaknesses: Refer to internal factors, which means the resources and experience readily available.

Opportunities and Threats: Refer to external factors, whether connected directly or indirectly. Typically reference things a company does not control.



As per the available information at time of writing, and based upon previous experience with the company and business area, the following SWOT matrix (**Figure 8**) can be drawn about the Eurofold operation, with a Chinese perspective.

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> ● “Born to be global” company ● Multi-lingual staff (French, Chinese, English speaking) ● Sound company with “AAA” financial rating ● 10 years of sales track records with over 50.000 machines sold worldwide ● All industries and customers segments covered ● Direct presence in China (invoicing, logistics, legal, after sales) and in Asia (representatives) ● Modular concept (flexibility) 	<ul style="list-style-type: none"> ● Limited number of sales and support staff ● Absence of “guanxi” ● No local, Chinese speaking, marketing manager ● Deficient “China-specific” marketing mix ● Absence of name recognition (locally) ● Modular concept (selling techniques) ● Reduced capability of product customization ● Difficulty in establishing a reliable network of representatives as per the nature of the business model, size of the country, and specificities of some application fields
<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> ● Reasonable (yet raising) costs of production ● Growing “quality conscious” consumer market, moving from “good enough” to “premium” and keener on local brands (“root” consumption) ● Increasing awareness of traceability and (JIT) production and stock management ● Steady expansion of network of local resellers ● Extended product portfolio allowing for enhanced markets segmentation and competition 	<ul style="list-style-type: none"> ● Appropriate local staff attractiveness and retention issues ● New entrants (Chinese and foreign) with “me too”, low priced, local made products ● Copycat and plain IP violations ● Growing availability of alternative folding solutions with lowering selling costs (e.g. laser) ● Slowing down of the Chinese economy with consequently increased pressure on suppliers

Figure 8: Eurofold SWOT analysis in a Chinese perspective

Indeed as often the case with Small and Medium Enterprise (SMEs), limited availability of resources (and their allocations) translates into constrained means of actions. Longer term initiatives (such as “guanxi” building) may take time to be efficient and be quite foreign (and misunderstood) to other stakeholders within the organization (i.e. Head Quarters). It may take some convincing to follow the “guanxi” and localization approaches, yet the company being of the “born

¹⁴ A tool that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. The SWOT analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results. Retrieved June 02, 214 from <http://www.investopedia.com/terms/s/swot.asp>

to be global” kind, its upper Management shall be very supportive of it. Shorter term goals and objectives shall be privileged, yet alignment of the company’s business and marketing in China must be analyzed under a broader, more strategic, perspective. While apparently contradictory in term, it shall reflect a “flexible” path of penetration, to grow along a “flexible” country.

ADL Matrix - Stages of industry maturity (Arthur D. Little, 1980)

Stage of industry maturity: Refers to the product life cycle of the business area.

Competitive position: Is based on assessment of following criteria:

- **Dominant;** Rare, often results from a near monopoly or protected leadership.
- **Strong;** A strong business can usually follow a strategy without too much consideration of moves from rivals.
- **Favourable;** Industry is fragmented. No leader among stronger rivals.
- **Tenable;** Business as a niche, either geographical or defined by the product.
- **Weak;** Business is too small to be profitable or survive over the long term.

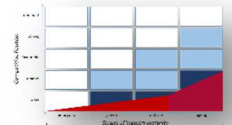


Figure 9, below, maps the strategic move Eurofold shall pursue in China.

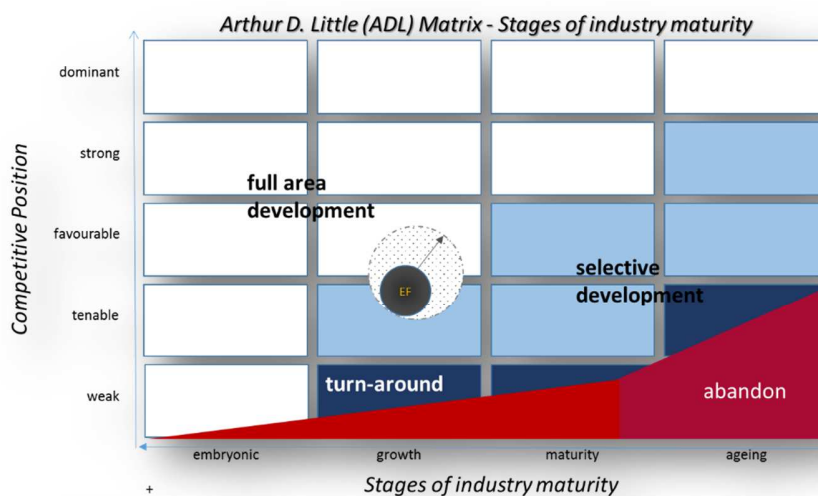


Figure 9: Eurofold portfolio management approach

In the perspective of the Chinese market, the business area (cold bending) is still characterized as “tenable to favourable”, in the way that it is relatively fragmented, no unique player dominating the whole of it, while technological leadership is still allowing for “niche” players, as it is the case for Eurofold with its unique concept. However due to the size and dynamic of the Chinese market, it appears clearly that the company is to move outside of its sole niche, toward a broader share of the market, in a more sustainable position. As such, resources will be required (as previously proposed) to expand to other geographical area (growing “Tier 2” to “Tier

5” markets) and/or application fields, while getting higher up on the “market recognition” ladder (i.e. a broader spectrum of customers), through staff hiring with appropriated “guanxi” and access to larger (more visible) “deal opportunities” (e.g. tenders, RFQs...). The adjunction of a second product portfolio whether through “private labelling”, “OEM” and/or “Intra OEMisation” may strengthen the product offer and capabilities of the company and, in doing so, will allow to follow a full area development strategy.

Conclusion

Getting into China in 2014 and fully penetrating its markets for a SME such as Eurofold appears within reach, as driven by the market's dynamism, growth, and consumers move toward value-added quality, on the one side, and the company's large experience and culture for the export markets on the other side. Yet it can as well be utterly challenging, as it requires to invest sufficient time, energy and resources to scratch its surface and go deeper into it, so to be able to start playing more of a "local" role in it, and build confidence in the company and product (not to mention brand awareness) along the way. Patience and small steps being what can best characterize the required approach to this "holistic" country. Yet that is where Western analytical thinking may be adapted so not to come at odds with the more holistic approach to the world and unique history of China, its culture and behaviors.

In that perspective, the unprecedented level of "attention to context and fields" and "combination with relationships", in rendering its marketing highly incremental and its success relatively "guanxi" dependent. The dynamism of fast paced changes occurring in the country for the last three decades has seen rules and guidelines to be continuously rewritten along the way, which may add to the difficulty, as well as to the opportunities, for a "small" company to grab its share of the market, as it requires a multiple level of interactions and connections, while staying flexible.

As such, for Eurofold, the key into being able to penetrate China and meet its full potential, that is with the right kind of customers' interaction and at the right business levels, will imply going through the building of an appropriate set of "guanxi", with specifically targeted social and business outcomes, together with a strategy of "growing local and global, concurrently" in the alignment with a raising Chinese industry powerhouse. Full back-up of Head Quarters (HQ), will though be tantamount to its success, so to truly, efficiently and sustainably write a genuine marketing story from Guangzhou.

Given appropriate multi-layered approach, customer care and harmonious management, a step at a time, success shall be met.

Appendix A



Eurofold product portfolio – “bench” model (left) and “Combo” model (right)

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