Norwegian Industrial Park
- Marketing an alternative entry mode -

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Executive summary

The purpose of this thesis has been to develop a marketing strategy for Norwegian Industrial Park, and make recommendation as to how the strategies should be implemented. Norwegian Industrial Park is a newly established industrial park in Zhenjiang, China.

The first chapter is an introduction to Norway Park, and the authors explain the functions of industrial parks in general. Aspect such as the Chinese market, culture and economy is also presented to shed light on why it is feasible for industrial parks to establish themselves in China.

To solve the problem formulation of this thesis the authors have conducted primary research. The methodology chapter contains an explanation of the research methods the authors have used. It gives an account of how our primary research and interviews has been conducted. The limitations to our research have also been explained.

The theory chapter contains general information of the theories used in this thesis, and how they have been applied.

In the analysis chapter the authors’ have applied the theories and models from chapter 3 to analyze Norwegian Industrial Park’s micro and macro environment.

In the following chapters of the thesis the authors have developed strategies based on the findings from the analysis. The final remark is the recommendation chapter, where the authors propose how the industrial park should implement the strategies developed.
Acknowledgements

The authors would like to express their gratitude to the owners of Norwegian Industrial Park, especially Jan Petter Andersen and Jun Dai. The cooperation between the owners and the authors made this thesis possible.

We also want to thank our supervisor, Dr. Karin Bryntse for her guidance and recommendations during the whole writing process.

Moreover we wish to thank all the companies who have taken their time for interviews.

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Abbreviations

AIC = Administration of Industry & Commerce
CEO = Chief Executive Officer
CRH = China Railway High-speed
CSF = Critical Success Factors
EU = European Union
FDI = Foreign Direct Investment
GATT = General Agreement of Tax and Treaties
GDP = Gross Domestic Product
IPR = Intellectual Property Rights
NIP = Nordic Industrial Park
NOK = Norske Kroner (Norwegian valuta)
PESTEL = Political Economical Social Technological Environmental Legal
PPT = Power Point
PR = Public Relations
PRC = Peoples Republic of China
RMB = Renminbi
SAFE = State Administration of Foreign Exchange
SPD = Strategic Problem Definition
SWOT = Strength Weakness Opportunities Threats
WIPO - World Intellectual Property Organization
WOFE = Wholly Foreign Owned Enterprises
WTO = World Trade Organization
4 P’s = Product Price Place Promotion
In this chapter the authors will give an introduction of the aim of this thesis, and put forward the main topics that will be focused on throughout the thesis.
1 Introduction

1.1 Problem definition

When Norwegian companies want to establish business in China, they can choose different approaches. If a company has sufficient knowledge, network and economic assets, they will not require much support in the establishment process.

If a Norwegian company however would need assistance and support, one solution is to establish business in an industrial park.

An industrial park is comprised by several small, medium-sized companies and has a central administration run by the industrial park itself. The companies within the park pay a fee to the industrial parks administration for property lease, and support services. An industrial park can offer a company a less time consuming entry to a new market. It will support companies in different ways, and act as an agent in relations with municipal and state governing authorities. The industrial parks often have an extensive social network, which may help towards speeding up registrations and approvals in China.\(^1\)

\(^1\) Nordic Industrial Park (2008) *Easy China Entry*: p. 2
Norwegian Industrial Park is a newly established industrial park in Zhenjiang, in the Yangtze River delta China. The park is aiming to specialize in helping smaller Norwegian companies with the business establishment in China. The aim of this academic thesis is to develop a marketing strategy for Norway Industrial Park, targeting the potential companies they want as customers in their industrial park. To find out which elements should be included in the marketing, the authors have conducted interviews and marketing research to map which of the services an industrial park can offer, are perceived as most valuable for the target audience. The focus has been on the core elements of a marketing mix: price, place, product and promotion. The authors also suggest a communication strategy, to effectively implement the marketing strategy and reach the target audience.

**Norwegian Industrial Park is from now on refereed to as Norway Park, to avoid confusion with other industrial parks with similar names.**

The problem definition is:

What is the most efficient marketing strategy for Norway Park and how can they best reach their targeted customers?
1.2 Norway Park

This picture was taken during the authors visit to Norway Park in March 2008. It shows constructions of the first factory building.

![Picture 1: Visit at Norway Park](image)

Norway Park is an industrial park located in Zhenjiang, west of Shanghai, and east of Nanjing. Norway Park wants to be the best solution for Norwegian companies wishing to establish business in China. Norway Park is a marketing name of the company Runwei Electric Equipment Ltd. which is owned 50/50 by Norwegian and Chinese owners. Runwei Electric Equipment is an equity joint venture. It is a limited liability company with a legal person status. They have currently financed the building of the industrial park with 26 million RMB of proprietary capital which is the registered capital. The company has 5 employees².

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² Interview with Jan Petter Andersen
The ownership is divided Respectively: 20% owned by relatives of the Dai family under the name Jia Yuan Electric Ltd. 30% owned by Dai family under the name Qian Jyi Construction Ltd. 40% owned by Andersen Holding AS and 10% owned by Cheng F. Dai in the Norwegian Dai family.

The industrial park has approximately 400 000 square metres of land regulated by the government for industrial buildings, factories and office space. The owners of the industrial park plan to construct 50 buildings on the property. By spring 2008 the construction of 18 000 square metres of industrial building, and 10 000 square metres of office buildings will be completed. Norway Park’s administration will be located in the office buildings. The industrial park’s administration will be responsible for the central telephone desk, IT services, maintenance, further development of property, the lease of buildings, transport and logistics, infrastructure and other collective services for the industrial park. The park’s administration also offers competence and support services on a variety of areas of business establishment in China.

Norway Park’s targeted investors are companies within shipping, mechanical industry, technological industry and electronics industry.

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3 Interview with Jan Petter Andersen
The management and ownership of the industrial park is comprised of both Norwegian and Chinese people. Norway Park’s management has many years experience of doing business, and developing businesses in China.

1.2.1 Background of the thesis.

The assignment from Norway Park

The authors were approached by Norway Park who wanted to do market research and develop a marketing strategy towards small Norwegian companies. Want to attract Norwegian companies to set up production in Norway Park’s factory buildings. Norway Park has not done any marketing research prior to establishing the industrial park in China. Norway Park has no numbers or figures on potential production companies for their factory buildings.

They wanted help to develop a marketing strategy, focusing on communicating the benefits both financial and logistical by outsourcing production to China.

The author’s background for taking on the assignment is that we were to write a bachelor thesis on the subject of international marketing. We are 3 students studying our final year of the degree BSc in International Marketing, at Norwegian School of Management / Fudan University.
1.2.2 Zhenjiang industrial area

Zhenjiang, the location of Norway Park is the industrial area in the Jiangsu province of China that this academic paper will focus on.

Zhenjiang city is part of the important area in Nanjing and Shanghai economic circles of Yangtze River Delta. Zhenjiang has the third largest port facilities in the Jiangsu province consisting of Zhenjiang Longmen Port and Huilong Port. Moreover the Beijing - Shanghai railway, Shanghai - Nanjing Expressway and no. 312 National Road all go through Zhenjiang city. The area has been an important area for trade during the last millennia, and has a good geographical location for logistics in China.

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4 Zhenjiang Investment Guide 2007
5 Andersen (2007), PPT-presentation “Norway Park”
6 Zhenjiang investment guide 2007
The engineering and machinery industry in Zhenjiang consists of many leading Chinese and foreign enterprises, including Jiangsu Liugong, Jiangsu Huachen Huatong Pavement Construction Machinery and Zhenjiang Hydraulic Components Plant. From July 2007, the engineering machinery industrial cluster of Zhenjiang has been identified as one of 100 industry clusters in Jiangsu Province. According to the development plan of engineering machinery industry cluster, the annual sales of engineering machinery will be over 5 billion RMB in 2010.\textsuperscript{7} Norway Park wishes to attract companies within these industrial sectors. Industries like electronics, shipping and high-tech will be especially competitive because of the cluster of suppliers around Zhenjiang. These industries often have high barriers of entry, because they are capital intensive and demand higher skills from employees. The fact that there are 27 000 graduates from technical schools in Zhenjiang supports the location of an industrial park focusing on these industries here.\textsuperscript{8}

\textsuperscript{7} Zhenjiang investment guide 2007
\textsuperscript{8} Zhenjiang investment guide 2007
1.3 Norwegian companies in China

China is an important market for Norwegian companies that cannot be ignored. More than 120 Norwegian companies are already established in China, and interest is still high among newcomers.9

Trade between Norway and China is growing steadily. Many Norwegian companies move production to China and export goods from China back to Norway and the West. However, Norwegian companies in China account only for a mere fraction of the trade. In 2004 China was the fifth largest exporter of goods to Norway, only surpassed by Sweden, Germany, Denmark, and Great Britain. According to Norwegian statistics, Norway imported 7.4 million shoes from China in 2007. This is quite a staggering number for a country with only 5 million inhabitants.10

The majority of Norwegian companies in China are located around Shanghai.11 The Norwegian companies are mainly in the shipping and high-tech industries. The Shanghai area is well established for production, and support industries are often very close.

1.4 Challenges Scandinavian companies face in the establishment of business in China

1.4.1 Special aspects of doing business in China

China is a country of special traditions and ways of doing business, derived from the country’s five thousand year long history. When Nordic and Western companies establish businesses in China, some factors like the importance of networking (Guanxi), interaction with municipal and state government and legal aspects should be taken into consideration.

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9 Innovasjon Norge (2008), Kina: http://www.innovasjonnorge.no/Internasjionale-markeder/Kontorer-i-utlandet/Kina
11 Innovasjon Norge (2008), Kina: http://www.innovasjonnorge.no/Internasjionale-markeder/Kontorer-i-utlandet/Kina
1.4.2 Guanxi

“Guanxi” literally means "relationships", and stands for any type of relationship. In the Chinese business world, however, it is also understood as the network of relationships among various parties that co-operate together and support one another. The Chinese businessmen mentality is like; "You scratch my back, I’ll scratch yours.” In essence, this boils down to exchanging favours, and this is expected to be done regularly and voluntarily.12

Guanxi has mainly two purposes, to get information and to get things done. In China there is a big difference between national laws, regulations and local practice. In order to get information about the practice that applies in a certain industry you have to know someone who has knowledge about this. You can come a long way with just a few contacts that you truly rely on and that really wants to help you, given that they have a large network. 13

According to Guthrie and Wank guanxi is absolutely essential to successfully complete any task in virtually all spheres of social life. Guanxi purportedly performs a critical lubricating function in Mainland China.14 Guanxi affects Western businesses in that business is often conducted in a different manner in China. An industrial park with owners from both Norway and China may already have accumulated guanxi and can use it to support companies entering the park. While Westerners often put a premium on networking, information, and institutions, the Chinese place a premium

12 Gold, Guthrie & Wank (2002), Social Connections in China
13 Kristoffersen (2008), Det Nye Kina: p 154
14 Gold et al. (2002), Social Connections in China
on individuals' social capital within their group of friends, relatives, and close associates.  

Not all researchers however believe that Guanxi will play as important a role in the future as it has in the past. According to Guthrie, Guanxi is a product of the institutional structure of society; therefore the role of guanxi will diminish as the institutions on which it depends on changes. Guthrie criticises other researchers as biased when they look for guanxi related actions and therefore find too many events to be result of guanxi.

1.4.3 High-context communication and “Face”

The Chinese people are considered in general to be high-context in their communication. High-context communication means that they often supply a conversation with a lot of “small talk”, and are not always direct when they are having business conversations. They fear that their directness might offend or disappoint their negotiating counterpart, which they may consider to be their friends. This high-context behaviour can often be difficult for Westerners to understand, and there may be times when the Westerners perceive a deal as closed when it’s really not. The Chinese counterpart may only be reluctant to decline an offer because they don’t want to upset their Western “guests” whom they might consider their friends as well. If a Western company enters an industrial park however, they are likely to get help from Chinese employees in the park, to act as advisors and interpreters.

Another difficulty for Westerners is to understand which level of authority the person they are dealing or negotiating with has. Is the negotiator just someone who has been sent by a company to listen to an offer, or does the Chinese counterpart have signing power? Titles are also important in Chinese business culture, and the Western company should send someone of the right calibre to negotiate. The westerners could also clarify the authority of the Chinese counterpart, but not too obviously.

15 Graham & Lam (2003), Negotiating in China: http://hbswk.hbs.edu/archive/3714.html
16 Gold et al. (2002), Social Connections in China
17 Hofstede (2004), Cultures and Organizations: Software of the Mind
Mianzi (Mian-zi) and Lian (Li-an) are two important words one needs to be familiar with when doing business in China. Mianzi or “Face” as it is loosely translated to, is considered transferable, and can be given or taken by others. If you for example in a negotiation speak very highly of a person in front of his superiors, you will “give” him face. In Chinese business culture, a person's reputation and social standing rest on saving face. Therefore some Chinese will be reluctant to admit mistakes to save “face”, even though they know they are wrong. If Westerners cause the Chinese embarrassment or loss of composure, even unintentionally, it can be disastrous for a business relationship. Mianzi can be described as the Chinese people’s reputation, both ones own and ones family. Good Guanxi and social capital is a way of improving “face”. It is also a part of everyday business and communication.

Lian is the ethical aspect of a person’s behaviour. What is ethical however is dependent on the person’s cultural background and norms of behaviour. To lose Lian means losing integrity and is very serious for Chinese people. It is very difficult to restore once it is lost. Lian is however not often mentioned in commercial transactions.

1.4.4 Legal aspects concerning business establishment in China

The legal aspects of establishing business in China can be time-consuming and complicated to handle. To highlight the legal process of establishment in China, we will put forward an example of which institutions a company must go through in the process. This process can be easier and quicker with help from an industrial park. Following is an explanation of what a company must do step by step before they can start production in China.

18 Gold et al. (2002), Social Connections in China
19 Kristoffersen (2007), Doing Business In China: Lecture 2
Figure 4: The different stages of business registration in China.  

**Step 1**

First the company has to get a name approval from the AIC (Administration of Industry & Commerce). This includes giving the AIC thorough information (in Chinese) about premise location, legal representative, registered capital & total

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20 Xiao Li (2008), “An overview of government entities involved during and after your establishment in China”: Seminar
investment and business scope. A suitable Chinese name for the company must be chosen within 6 months, or else the process must start over.21

Step 2

The next step is to go to Foreign Trade and Economic Committee (on behalf of Municipal / District Government), where the company must submit an Article of Association and a feasibility study. This is a critical step, and the companies are recommended to do thorough homework on Article of Association and feasibility study. When all the registrations above are in order, a preliminary approval and Government Approval Certificate will be issued.

Step 3

It is now time for the Environment Protection Bureau to have their say, and a third party agent must do an environment impact assessment. The company must send in an application form of new establishment for environment protection. In the application, factors like production technology process, main products and capacity, raw materials, machinery to be used and the consumption of energy (water, electricity, coal, etc.) must be clarified.

Step 4

The company must then go back to AIC (Administration for Industry & Commerce) again to apply for a business licence. It is crucial for the company to have all necessary documents ready. The Business License Application Form must include Article of Association, of the investor and Bank Credit Reference, Appointment Letter of Board Directors and their ID copies and the Leasing Contract of the premises to be used.

Step 5

The next step for a company establishing business in China is to go through SAFE (State Administration of Foreign Exchange). Its main role is to exercise control over

21 Xiao Li (2008), “An overview of government entities involved during and after your establishment in China”: Seminar
foreign exchange and develop strategies, guidelines and policies regarding foreign exchange. The Foreign Exchange Registration Certificate must contain a registration form, Article of Association, Board Resolution and shareholder structure. This is a critical step if the company wants to open bank accounts and obtain capital from offshore.

**Step 6**

It is always important to have knowledge of Tax regulations, because the next step is to obtain a Tax Certificate. To obtain a tax certificate, the company must submit a Tax Registration Form, containing the appointment letter of board directors and their ID copies, the lease contract and land certificate.

**Step 7**

The final step of the formalities of business establishment in China is to contact the customs office. Here, as with most of the other institutions a customs certificate is needed. To get it, the company must submit customs registration forms including: copies of Article of Association, feasibility study and ID of legal representative.

These seven steps usually take between 3 - 6 months, but without the right connections and knowledge, they can take up to 2 years.

Our reason for elaborating on these steps is to defend a feasibility of the establishment of an industrial park, which can offer Norwegian companies assistance and local knowledge about doing business in China. The institutions in China are becoming easier to deal with as they are developing, but still there are many difficulties and challenges for Norwegian companies during this establishment process. Many companies might be willing to pay for the fact that they are coming to an establishment with people who have local knowledge and social capital, and can handle the establishment process for them.
1.4.5 Intellectual property rights (IPR)

There are many laws protecting intellectual property rights (IPR) in China, but they are seldom enforced sufficiently. Though China has agreed to international agreements to protect intellectual property (including Bern Convention, Paris Convention, among others), a company must register its patents and trademarks with the appropriate Chinese agencies and authorities for those rights to be enforceable in China. Registration and approvals can as explained above be a complex and time consuming process. All documents must be translated to Chinese, and the appropriate government officials can be hard to find.

1.5 The development of the Chinese industry

The Chinese industry has changed substantially during the last three decades from merely supplying parts for production to cooperating with and acquiring foreign companies.

Figure 5: The development of the Chinese industry.

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24 Kynge (2006), *China shakes the world*
In the beginning of the 1980’s foreign companies bought parts from China that they later assembled in factories in the west, and sold around the world, Western companies found however that a closer cooperation with Chinese suppliers would reduce cost even further. Joint Venture between western and Chinese companies was a much used business format a decade ago. This format was successful in some ventures, but catastrophic in others, where the cultural clash proved to be too big. The times it was successful it was mostly because the Chinese needed capital and technology, whilst Western companies needed local knowledge and language expertise\textsuperscript{25}. The business formats were to a large degree controlled by the government during the late 20th century, WOFE’s (wholly foreign owned enterprises) were restricted in many business sectors, but are now much less restricted.\textsuperscript{26} Moreover Western companies gained knowledge and experience about the Chinese market, and felt more confident that they did not need the Chinese counterpart. They are willing to accept more risk, and have therefore started to make more FDI (foreign direct investment) in China to further increase their revenue. Setting up their own factories with both Western and Chinese managers in charge is an increasingly clear pattern when building and managing companies. However there are still risks when expanding to unknown countries, and unexplored markets. This fact supports the formation of industrial parks. The industrial parks often possess extensive local knowledge and can support new entries to the parks with a network and supplier relations.

1.5.2 The Chinese market

China has the world’s largest population, with an estimated 1.3 billion people (mid 2007).\textsuperscript{27} China has had rapid economic growth over the past 25 years since the beginning of economic reforms in 1978, measured in gross domestic product (GDP), on average 9.37% per year.

\textsuperscript{25} Kynge (2006), China shakes the world
\textsuperscript{26} Hill (2006), Global business today: p 196
\textsuperscript{27} Rosenberg (2008), China population: \url{http://geography.about.com/od/populationgeography/a/chinapopulation.htm
One of the reasons why the Chinese economy can grow that much is the fact that they started out with very little when they launched their reforms in 1978 right after the Cultural Revolution. China’s unwillingness to trade with the outside world is one of the arguments supporting this fact. In the nineteenth century, foreign trade accounted for only one percent of China’s gross domestic product (GDP).28

China’s presence in the world was summed up very well in the famous economist Adam Smith’s masterpiece The Wealth of Nations:

“China seems to have been long stationary, and had probably long ago acquired that full complement of riches which is consistent with the nature of its laws and institutions. But this complement may be much inferior to what, with other laws and institutions, the nature of its soil, climate and situation might admit of. A country which neglects or despise foreign commerce, and which admits the vessels of foreign nations into one or two of its ports only, cannot transact the same quantity of business which it might do with different laws and institutions”.29

1.5.3 China as a part of the WTO

As of April 2004, 147 nations that collectively accounted for 97% of world trade were members of the WTO, thereby giving the organization enormous scope and influence.30

China took a leap in the sphere of international trade when they December 11. 2001 entered the World Trade Organization (WTO). The membership in WTO meant that also the obligations of the GATT agreement applied to China. This resulted in numerous trade restrictions on foreign companies were abolished, making it easier for foreign production industry aiming to export from China.31 Moreover China, like other countries in the WTO still operates with trade restrictions, quotas, licensing and embargoes to protect their own industry.

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28 Kynge (2006), *China shakes the world*
29 Smith (1981), *The Wealth of Nations*
30 Hill (2006), *Global business today;* p 197
31 Dypedal (2008), *En åpning for handel;* p. 14
Concerning the matter of free trade, many scholars claim that competition with China is structurally and qualitatively unequal. They claim that the Chinese fix their currency against the US Dollar, keeping it undervalued to give their exports greater competitiveness. Western companies have to exploit these opportunities rather than becoming victims of the inequality in competitiveness. This supports the demand for industrial parks in China. More companies with little knowledge of the Chinese business culture will seek to outsource their production to China because of the reductions in cost. To efficiently outsource to China, small companies will need help from industrial parks such as Norway Park to help with the establishment formalities and supply the companies with production locations. Being able to rent production equipment and property from the industrial park, means that small companies can reduce their initial investment in the establishment process. Smaller companies have usually more limited resources and cannot hire experts to help them establish. From an industrial park companies can buy project based support solutions instead of employing personnel permanently.

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32 Kynge (2006), *China shakes the world*
Chapter 1
INTRODUCTION

Chapter 2
METHODOLOGY

Chapter 3
THEORY

Chapter 4
ANALYSIS

Chapter 5
SWOT & STRATEGIC
PROBLEM
DEFINITION (SPD)

Chapter 6
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RECOMMENDATION

Chapter 8
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APPENDIX

Metodology approach
Data collection
Secondary sources
In-depth interviews
2 Methodology

In this chapter the authors will discuss what methodology approach have been conducted and defend the chosen methods.

This study was carried out by using an explorative design with a qualitative approach. The authors have conducted in-depth interviews with several companies that are similar to Norway Park and companies with or without experience from an industrial park. The authors have also collected secondary data.

2.1 Research objective

2.1 Exploratory question

2.2 Research design

2.3 Data collection

2.4 Data analysis

4 Findings from the analysis

Figure 6: Levels of the research process

In this study the authors have followed the research process model and will go through the different levels one by one.

33 Gripsrud, Olsson & Silkoset (2004), Metode og dataanalyse: p 53
2.1 Research objective and explorative questions

The first step in the research process is to develop a research objective. The intention of this study is to find the most efficient marketing strategy for Norway Park and how they best can reach their target customers. The following step is to develop several explorative questions that will help the authors to achieve the objective of the research.34

2.2 Research design

When choosing the research design there are three factors that needs to be considered; experience, available theory and ambitions for the project.35 Based on this information there are three different designs that can be used; explorative, descriptive or causal design.36

![Design](image)

**Figure 7: Design**

Explorative design is used when there is little prior knowledge about the subject and the objective of the research is to explore the subject at a deeper level. Methods used to collect data are in-depth interviews and focus groups. Descriptive design is used when there is some fundamental knowledge and the purpose is to describe a certain

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34 Attachment 1 & 2  
situation. The most employed methods to gather data in a descriptive design are questioners, observations and diary methods. Causal design is used in an experimental setting.

The authors have chosen an explorative design; we should approach our problem by conducting in-depth interviews with a semi-structured interview guide. These methods can also be described as qualitative.

In a qualitative research in-dept interviews and focus groups are the most employed methods. There are two types of interviews; unstructured interview and the semi-structured interview. Unstructured interviews are quite open and the interviewer usually only has few key questions as a reminder to deal with a certain range of topics. The respondent can speak freely and it allows the interviewer to respond to points that seem worthy of being followed up. Semi-structured interviews mean having a list of questions with the topics to be covered, often referred to as an interview guide. The interview process is quite flexible and questions that are not included in the interview guide may be asked as the interviewer picks up on things said by the respondent. In order to ensure cross-case comparability we have chosen to use the semi-structured interview which will offer the prospect of some structured questions but yet flexibility during the process of our study. With such flexibility the authors can allow themselves to change direction as significant issues emerge and develop new approaches as the study proceeds.

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2.3 Data collection

Figure 8: Different methods of data collection

2.3.1 Primary sources: In-depth interviews

In the primary research, the authors have chosen in-depth interviews. The reason for this is because the respondents will consist of businessmen and it would be quite difficult to gather several businessmen in a focus group and get the answers that we need.\textsuperscript{40} By using in-depth interviews, we can examine the respondent’s perspectives, feelings and points of view. A face-to-face interview can create a sense of closeness and trust between the interviewer and the respondent. The purpose of the face-to-face interview is to obtain deeper and more detailed answers.

\textsuperscript{40} Gripsrud et al (2004), \textit{Metode og dataanalyse}: p 60
2.3.1.1 Interviews

We have divided our research between internal and external interviews, where internal interviews will include the top management in Norway Park and external interviews will include companies that are similar to Norway Park and companies with or without experience from an industrial park. This is to find out what entry mode, strategies, difficulties and experience they have had when entering the Chinese market. The interview guide will be customized to each respondent, but will also include some basic questions asked to all the respondents.

The number of interviews has been limited to 14 in-depth interviews, as they are very time consuming. By keeping the collected data at a reasonable level it will match our timeframe and resources.

**Industrial Parks:**

Andersen, Jan Petter – Owner - **Norwegian Industrial Park** – 14/5-2008

Stern, Noem Davis – Project manager - **Nordic Industrial Park** – 7/04-2008

*(NIP is an industrial park located in Ningbo, about 4 hours from Shanghai with train. NIP is one of the first wholly foreign owned industrial parks in China and has a Scandinavian management. NIP was registered in September 2002 and started operations in mid-2003.)*

Nielsen, Claus Tolstrup - Director - **B2B Link China A/S** – 13/5-2008

*(B2B-Link-China is an industrial park located in Xuancheng, 30 miles from Shanghai. B2B-Link-China was founded in 2004 and has both Danish and Chinese management.)*

**Consulting agencies:**

Cedrin, Jonas – Project Manager - **Swedish Trade Council** – 24/3-2008

*(Swedish Trade council is a Swedish consultancy agency who offers)*

Shi, Qin - Market Advisor - **Innovation Norway** – 20/5-2008
Companies with no affiliations with an industrial park:

Johansen, Håvard Dyre – Project manager - **Beta Shipping China** – 4/4-2008

Wu, David – Director - **Grenland Group Shanghai** – 26/3-2008

Companies who has received assistance from an industrial park:

Barkholt, Lars – Director - **Norwell** - 30/04-2008

Boye-Nielsen, Niels – Manager Director - **Nibo** – 6/5-2008

Eikrem, Vidar – Director - **Ulstein Group** – 21/5-2008

Eliassen, Gard - Managing Director – **Kitron** – 20/5-2008

Hansson, Mikael - Production Manager - **EMBA Machinery AB** – 23/5-2008

Harup-Hansen, Sven Åge – Owner - **Jade Gate** – 25/5-2008

Høy, Lars - Director - **Formkon** – 5/5-2008

2.3.1.1.1 Conducting the interviews

To gain as much valuable information as possible, the authors gathered information about the respondents and the companies they represent prior to the interview in order to increase the quality of the answers given during the interview. When developing the interview guide, the authors emphasized on the order of the questions to secure a good interaction flow, not having questions with yes/no answers, comprehensible questions and no leading questions. The authors followed Kvale’s suggested nine questions: Introduction questions, follow-up questions, probing questions, specifying questions, direct questions, indirect questions, structuring questions, interpreting questions and last but not least the silence pauses.41

41 Bryman & Bell (2007), Business research methods: p. 486
The interview guide was then sent by e-mail in advance to all the respondents in order to give the interviewees some time to prepare. To make sure that all information was secured from interviews, a digital recorder was used on nearly all interviews and notes were taken. The audio-recording was then transcribed. By using an audio-recorder it allowed the authors to give full attention during the interview, which results in a more thorough examination of what is being said and also permit repeated examinations of the answers to our questions.42 In the case of having to do a follow-up interview, a recording of the interview will make it a lot easier to find out what information we are lacking and what needs to be explored some more.

None of the interviewees has English as a first language, some of the interviews were therefore conducted in their own language; Norwegian, Swedish and Danish. Several respondents were quite busy at the time when the interviews were completed. Some of the interviews have for that reason been completed via e-mail.

2.3.2 Secondary sources: Previous research

Secondary data is data collected for other purposes than the stated problem definition of this thesis, whereas primary data is collected data in order to answer the questions needed for the research. Since secondary data is already collected, it is a quicker and cheaper method to achieve information. It is common to distinguish between two kinds of secondary sources; internal sources and external sources. Internal sources can be facts and numbers given by Norway Park. Secondary sources can be official sources and standardized surveys.43

Norway Park is still in the development phase and for that reason the authors have limited access to internal information. The secondary data used in this research will therefore mainly be based on external sources such as public sources, official statistics, literature, articles and internet.

42 Bryman & Bell (2007), Business research methods: p. 489-490
43 Gripsrud et al (2004), Metode og dataanalyse: p 80
2.4 Data analysis

When conducting a research whether it is a primary or secondary research, there will always be a risk of sources of error. The validity and reliability of a research depends on the manner the research is conducted. Validity is concerned with the integrity of the conclusions that are generated from a piece of research. The validity is in many ways the most important criterion of a research. Reliability is concerned with the questions of whether the results of a research are repeatable, but is an issue associated with quantitative research. Following the authors will evaluate the validity of the data gained from our primary and secondary research.

2.4.1 Potential errors in the primary data

When conducting primary research there are many possible errors that can influence the validity and reliability of the research. In this thesis the primary data is based on in-depth interviews. Face-to-face interviews can affect the validity of the interview in many ways. The interviewer can influence the respondent’s answers by for example asking the questions in a certain way or having a certain tone without even knowing about it themselves. Another source of error can be interviews with inappropriate respondents. The authors have tried to avoid this by only interviewing key respondents with experience in the field of study. One source of error can be if the questions are unclear and the respondent gives incorrect answers. The authors tried to avoid this by asking the respondents prior to the interview if the questions were clear and during the interview ask the questions in a different matter if the respondent started to talk about something else than the purpose of the question.

Due to busy schedules some of the interviews were conducted by e-mail. This can affect the validity of the interview since the authors might not receive the answers that they want, and maybe not in such depth as wanted.

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44 Bryman & Bell (2007), Business research methods: p 41
45 Bryman & Bell (2007), Business research methods: p 41
46 Gripsrud et al (2004), Metode og dataanalyse: p 79
2.4.2 Potential errors in the secondary data

The same errors that can occur in primary data can occur in secondary data. This is because secondary data originally was gathered as primary data. The level of validity and reliability of the secondary data is difficult to determine because there can be sources of errors in the research process that are unknown to us. It is important to keep this in mind when selecting secondary sources to apply in the research.

To ensure reliable information from literature used in this research, the authors have focused on finding sources written by credible authors that were published by recognized publishers. One obstacle when finding literature in China is that it is hard to find literature written in English. The authors kept this in mind and have brought some books from Norway. China is in constant change, so the authors have tried to use secondary data that is up to date.

When it comes to online sources one has to be very critical to the sources used in the study. There might be a risk that these are censored, altered and biased.47 Since this thesis in conducted in China there were several Internet pages that the authors could not access. This would affect the outcome of this research.

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47 Gripsrud et al (2004), Metode og dataanalyse
3 Theory

In this chapter the authors will describe the academic theories that have been applied to solve the problem definition in the thesis.

3.1 Marketing Mix

Figure 9: Marketing mix theory.
Before we can develop an efficient marketing strategy for *Norway Park*, we have to find the strategic position of *Norway Park* in the market. The marketing mix is organised into 4 main elements to simplify the selection of a marketing mix. These elements are:

### 3.1.2 Product

A product is physical goods or services that are mass-produced or manufactured on a large scale. The product should satisfy the needs of the consumer.

### 3.1.3 Price

The price is the amount that a customer pays for a product. It is determined by a number of factors including material, cost, market share, competition, product identity and the customer's perceived value of the product. The company can increase or decrease the price of the product/service in order to compete with other organisations that offer the same product/service.

### 3.1.4 Place

The place represents the location where the product/service can be purchased, the so-called distribution channel. It can be physical stores as well as virtual stores on the Internet.

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48 Kotler (2005), *Markedsføringsledelse*: p 16  
49 Solberg (2005), *Internasjonal Markedsføring*: p 273  
50 Kotler (2005), *Markedsføringsledelse*: p 17  
51 Kotler (2005), *Markedsføringsledelse*: p 17
3.1.5 Promotion

Promotion represents all of the communication that a marketer uses to make the target market familiar with the product. The elements of the promotion are; personal selling, sales promotion, public relations, direct mail, trade fairs and exhibitions, advertising and sponsorship.52

3.1.6 Criticism of the Marketing Mix

There is some criticism about the marketing mix because some feel that it has too much focus on consumer markets and doesn’t offer a suitable model for industrial product marketing. It is also criticised because it mainly focuses on a product market perspective and is therefore not appropriate for the marketing of services. We have therefore decided to add additional 3 P’s that Booms and Bitner suggested for marketing of services.53

![Extended Marketing Mix Theory Diagram]

Figure 10: Extended marketing mix theory.

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52 Marketing Teacher (2008), Process and Services Marketing: http://www.marketingteacher.com/Lessons/lesson_marketing_mix.htm
53 Kotler (2005), Markedsføringsledelse: p 387
3.1.7 People

People are the most important element when it comes to service or an experience. Customer service, personal selling, and training are some aspects that add value to an experience, as a part of the marketing mix.\textsuperscript{54}

3.1.8 Physical Evidence

Physical evidence is the material part of a service. Some examples are; buildings including offices and production premises, paper work and furnishing.\textsuperscript{55}

3.1.9 Process

Process is an element of service that the customer experiences throughout the companies offer. In this case it can be the service that the customer receives from the beginning of the establishment in the industrial park and throughout the further cooperation with the industrial park. \textsuperscript{56}

3.2 Purchasing behaviour of companies

To develop an efficient marketing strategy for Norway Park, targeting corporations we must first understand the motives, processes and evaluation organisations go through when they are purchasing products and services. Scholars argue that corporations and their key purchasing employees (the purchase centre) go through eight phases before making a purchase decision.\textsuperscript{57} We must find out how to reach and affect the decision makers in each phase.

\textsuperscript{54} Marketing Teacher (2008), 'People' as part of the marketing mix: http://www.marketingteacher.com/Lessons/lesson_people.htm
\textsuperscript{55} Marketing Teacher (2008), 'People' as part of the marketing mix: http://www.marketingteacher.com/Lessons/lesson_people.htm
\textsuperscript{56} Marketing Teacher (2008), Process as part of the marketing mix: http://www.marketingteacher.com/Lessons/lesson_process.htm
\textsuperscript{57} Biong & Nes (2003), Markedsføring på bedriftsmarkedet: p 78
The first phase is when a company identifies a problem that they want a solution to. Problems like decreasing market share on the domestic market need to expand, need to reduce costs and being closer to the customer.

The second phase in the sales process model is the company’s internal development and evaluation of a solution. It could be to expand production abroad, acquire a competitors business or do a merger with another company.

In the third step the company develops a strategy, specifying what they want to do, for example expand abroad.

In the forth step they search for solutions on how to best implement the strategy they have chosen. The company might consider expanding abroad without assistance, or they might hire an agent to assist them.

In the fifth phase companies receive offers from the potential suppliers they evaluated in phase four. The company usually receives an offer with specifications to the solution, estimated time for delivery and price.

Now in the sixth phase, the company needs to evaluate each solution in terms of time of delivery, quality of the solution, location of delivery and price, and choose the solution best suited for them.

Phase seven is after they have chosen which company they wish to buy from they then place an order. They then in most cases receive the goods or service as agreed. The company makes a post purchase evaluation in phase eight to see if the purchase of the goods or service solved their initial problem. They also evaluate the supplier. Product specific factors are often evaluated first. Evaluation of the supplier’s organisation is also made, often concerning communication.
3.2.1 Sales process vs. Purchase process\textsuperscript{58}

This figure is made to illustrate the different steps in the company purchase process chronologically.

\begin{itemize}
    \item **Purchase process**
    \item Identify problem
    \item Contact suppliers and experts for advice
    \item Specify solution
    \item Develop list of potential suppliers
    \item Invitation to make offer
    \item Exchange information
    \item Analyse offer
    \item Negotiation with a limited number of suppliers
    \item New suggestions & new negotiations
    \item Chose supplier
    \item Contract signing
    \item Implementation
    \item Evaluation
\end{itemize}

\textit{Figur 11: Companies sales process.}\textsuperscript{59}

\textsuperscript{58} Biong & Nes (2003), \textit{Markedsføring på bedriftsmarkedet}: p 110

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3.2.2 Suppliers role in the purchasing process

This figure illustrates which actions the supplier should take to be able to follow the purchaser’s requirements.

<table>
<thead>
<tr>
<th>Customer role</th>
<th>• Seller / Suppliers role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify problem</td>
<td>• Give information about the products and services your company offers. This may influence the buyer to evaluate your company as a supplier of a solution. Seller should analyse byers situation to try to find problems not yet identified by the buyer themselves</td>
</tr>
<tr>
<td>Find a solution</td>
<td>• Presence with the customer. Study the purchasing dynamics. Need analysis can make a base for input on solutions from the seller</td>
</tr>
<tr>
<td>Product specification</td>
<td>• Presence with the buyer. Seller can more or less influence the customer / buyers product specification. The product specification can influence the sellers competitiveness</td>
</tr>
<tr>
<td>Search &amp; evaluation of potential suppliers</td>
<td>• Important to be in the buyers evoked set, one of the companies they intend to evaluate</td>
</tr>
<tr>
<td>Collect offers</td>
<td>• Make an offer</td>
</tr>
<tr>
<td>Evaluation and choice of offer</td>
<td>• Continuous contact with the customer / buyer</td>
</tr>
<tr>
<td>Placing order and receiving product</td>
<td>• Receive and process order. (May also include installation and training)</td>
</tr>
<tr>
<td>Evaluation</td>
<td>• Dialog with the customer to ensure positive development in long term relationships</td>
</tr>
</tbody>
</table>

Figure 12: Suppliers role in the purchasing process.

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50 Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 110
50 Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 74
3.2.3 The Purchase centre

To understand how Norway Park can influence potential companies to invest in their industrial park, it is important to understand the internal dynamics of the purchasing process. As we have explained above, companies purchasing process goes through eight steps. To get an even better understanding of this, we will focus more on the purchasing centre within a company. The purchasing process of a company often includes selected members of the organisation. These members make up the organisations purchase centre. An American survey recently stated that 77% of companies’ purchases were influenced by employees from many different departments within the organisation. The group’s participation often varies according to key factors such as:

- **Risk**: When higher risk is attached to the purchase decision the more influence the group tend to have, as opposed to a single persons influence.
- **First time purchase**: If the organisation has limited experience with a product or service, the groups influence increases.
- **Time pressure**: If there is no time pressure or deadline in the decision-making the group’s influence increases.
- **The size of the organisation**: The group’s influence is higher when the organization is larger. In smaller organisation there are often fewer decision makers.
- **Decentralization**: In organisations without centralized leadership, the group often has more influence. The compilation of people in the purchase centre may vary from purchase to purchase, and is often not formalized in an organisational map. But the people in the purchase centre will often follow specific patterns (roles), which can be categorized as follows:
  - **Decision makers**: These are the people, or person who makes the final purchase decision. This can be the company’s board, general manager, CEO or purchasing manager, depending on the size and character of the purchase.
  - **Influencers**: These are the people that in one way or another influence the purchase decision positively or negatively. Technical staff and engineers are often influencers.

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61 Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 78
62 Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 78
Initiators: The people that first become aware of or predict a problem that could be solved by purchasing a product or service.

Information controllers: Are the people who influence the purchasing process by controlling the decision-makers access to product and purchase information.

Users: Are the people who use the purchased product or service, often people like workers and production supervisors.

The purchasing employees: Are the people who place the order and do the paperwork that follows.

Understanding the different roles employees play in a company’s purchase decision is very important for marketers in order to target the right people at the right stage of a marketing strategy. If Norway Park gains knowledge of which role each employee plays in a company, they can influence the purchasing decision in their favour.

3.3 Corporate market communication

Corporate market communication includes both personal and non-personal communication channels. It is narrower than communication on the consumer market. The subject of matter is more oriented towards the segment. The most common communication channels within industrial marketing are;

3.3.1 Personal sales

Personal sales are the most important factor when it comes to corporate market communication. The salesperson is responsible for all transactions between the supplier and customers and to create a good customer relation, reflecting everything the company stands for. The salespersons responsibility is to be the initiative-taker throughout the whole process including finding potential customers, establishing a good customer relationship and maintaining the good customer relationship throughout rapid follow-ups. 63

63 Biong & Nes (2003), Markedsføring på bedriftsmarkedet: p 331-376
Advertisement

Advertisement includes every element of a non-personal presentation, promotion of ideas and products from an identifying source that a company pays for.\(^{64}\) Advertisement on the corporate market is carried out through media’s such as;

*Newspapers:* By advertisement through newspapers it gives the organisation an opportunity to reach a target group within a geographical area. *Dagens Næringsliv* and *Aftenposten* are two examples of Norwegian newspapers that mainly focus on business life.\(^{65}\)

*Branch specific magazines:* Branch specific magazines can be divided into magazines that cover technologies, tasks or functions that would be of interest for many diverse companies or magazines that cover a certain branch of industry. Examples of such trade magazines are *Teknisk Ukeblad* and *Skipsrevyen*.\(^{66}\)

*Internet:* New technologies open up for new ways to advertise. Having an Internet site will allow the organisation to display an enormous amount of information about the firm, it is easy to update and it doesn’t cost the organisation a lot of money once it is up and running. The only weakness in it is how to make potential customers aware of the Internet site.\(^{67}\)

*Periodicals:* Periodicals are best suited for organisations that have customers in different business sectors. The hotel industry is one example of such an organisation. *Kapital og Økonomisk Rapport* is an example of a general periodical.\(^{68}\)

*Direct marketing:* Gives the organisation an opportunity to customise their marketing to every recipient.

\(^{64}\) Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 311
\(^{65}\) Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 321
\(^{66}\) Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 321
\(^{67}\) Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 322
\(^{68}\) Biong & Nes (2003), *Markedsføring på bedriftsmarkedet*: p 321
3.3.2 Sales promotion (SP)

Sales Promotion includes all campaigns that have the purpose of influencing the sale of the product. Examples of sales promotions are;

_Exhibitions_: Exhibitions are places where different companies can meet others sharing the same interest. These can be distributors, customers, suppliers, sub-suppliers, trade press, professional executive officers and others.69

_Catalogues_: For some industries catalogues are a very important device in communicating their products to customers and potential customers.70

_Samples_: In some organisations it is important to make the customers aware of their products and the opportunity to try their products. This can be done through giving out samples either in physical stores, during exhibitions or in direct marketing.71

3.3.3 Public Relations (PR)

Public relations involve every aspect that promotes the organization through TV, radio, Internet and printed media.

3.4 Porter’s Five Forces

Michael Porter has established 5 forces that determine the competitive intensity and the attractiveness of a market. These forces affect the company’s ability to serve its customers and make a profit.72 Porter referred to these forces as the microenvironment, contrary with the more general term macro environment.

69 Biong & Nes (2003), Markedsføring på bedriftsmarkedet: p 328
70 Biong & Nes (2003), Markedsføring på bedriftsmarkedet: p 322
71 Biong & Nes (2003), Markedsføring på bedriftsmarkedet: p 322
72 Kotler (2005), Markedsføringsledelse: p. 198
3.4.1 The intensity of competitive rivalry

A market full of competitors is not an attractive market. Introduction of new products and frequent price wars are aspects that will make the market expensive to compete in.

3.4.2 The threat of the entry of new competitors

Profitable markets that result in high returns will draw new companies. The threat of new competitors depends on the entry barriers and how difficult it can be to enter the market.
3.4.3 The threat of substitute products

A market is less appealing if it includes many substitutes to the product. There is also a risk that new substitutes can replace the existing product. Competition will become fiercer which will result in lower prices and profit.

3.4.4 The bargaining power of customers

The customers are the people who create the demand and can therefore have the ability to put the company under pressure. This often occurs when there are few dominant buyers and many sellers or if the product is standardized. These factors can also affect the customer's sensitivity to price changes.

3.4.5 The bargaining power of suppliers

The bargaining power of suppliers is the ability for suppliers to put the company under pressure. The bargaining power is high when there are many buyers and few suppliers, when the products are highly valued and when the company is not a key customer group to the suppliers.73

3.5 PESTEL analysis of the macro-environment

There are many factors in the macro-environment that will effect the decisions of the managers of any organisation. Tax changes, new laws, trade barriers, demographic change and government policy changes are all examples of macro change.74 To help analyse these factors managers can categorise them using the PESTEL model. This classification distinguishes between political, economical, social, technological, environmental and legal factors in a market / country.

73 Kotler (2005), Markedsføringsledelse: p. 198
3.5.1 Political factors

Political factors refer to government policy such as the degree of intervention in the economy. Which type of business does the government encourage to invest in their country, and which are restricted or illegal? What are the government’s priorities in terms of business support? Political decisions can have an impact on many vital areas for business such as the education of the workforce, the health of the nation and the quality of the infrastructure of the economy such as customs, roads and rail systems.
3.5.2 Economic factors

Economic factors include interest rates, economic growth, inflation, exchange rates and taxation changes. Economic change can have a major impact on a company's behaviour. For example an appreciation of the domestic currency may make exporting more difficult because it may raise the price in terms of foreign currency. Higher interest rates may deter investment because it costs more to borrow investment means. Inflation may provoke higher wage demands from employees and raise costs.

3.5.3 Social factors

Changes in social trends can have an impact on the demand for a firm's products and the availability and willingness of individuals to work. The one-child policy in China is an example of government intervention that causes serious social change. The population in China is also aging rapidly that can cause challenges for the government in the years to come. 75 The actual size and demographics of a country should also be taken into consideration when analyzing social factors.

3.5.4 Technological factors

New technologies create new products and new processes. Technological innovation for example changes the advertisement landscape for marketers. When marketers used to be dependant on printed ads, they now have TV and Internet; however consumer behaviour has also changed because of the technological change.76 Consumers are getting more prices conscious and more educated on different products before making a purchase decision. Online shopping, bar coding and computer aided design are all improvements on the way we do business as a result of better technology. Technology can reduce costs, improve quality and lead to innovation. These developments can benefit consumers as well as the organisations providing the products.

3.5.5 Environmental factors

Environmental factors include the weather and climate changes. Changes in temperature can have an impact on many industries including farming, tourism and insurance. With major climate changes occurring due to global warming and with greater environmental awareness this external factor is becoming a significant issue for firms to consider. China for example has 16 of the world's 20 most polluted cities. As China is getting richer and the people more educated it is possible that a change will be made. Almost certainly this change will increase costs for the industry in China.

The growing desire to protect the environment is having an impact on many industries such as the travel and transportation industries (for example, more taxes being placed on air travel and the success of hybrid cars) and the general move towards more environmentally friendly products and processes is affecting demand patterns and creating business opportunities.

3.5.6 Legal factors

These are related to the legal environment in which firms operate. The legal system in China is very descriptive but often the laws are not enforced sufficiently.\textsuperscript{77} Intellectual Property Rights (IPR) and Copyright is something that should be taken into account in a PEST analysis of China. The introduction of age discrimination and disability discrimination legislation and greater requirements for firms to recycle are examples of relatively recent laws that affect an organisation's actions. Legal changes can affect a firm's costs and market demand.

\textsuperscript{77} Xu (2007), \textit{Chinese Law: Lecture 1}
3.6 SWOT Analysis

The SWOT analysis is a device used to identify the company’s strategic situation in the competitive environment in which they operate and when developing a marketing strategy. It is generally an evaluation of the company’s internal and external factors that are favourable and unfavourable for the organisation. SWOT stands for Strength, Weakness, Opportunities and Threats.78

SWOT analysis is divided into an internal analysis and an external analysis. It analyses the strengths and weaknesses in the company and the opportunities and threats in the surroundings.79 By correct usage of the SWOT analysis a company can better control its strengths, work on their weaknesses, make the most of the opportunities and prevent possible threats.80

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78 Kotler (2005), Markedsføringsledelse: p. 75
79 Kotler (2005), Markedsføringsledelse: p. 75-77
80 Kotler (2005), Markedsføringsledelse: p. 75-77
3.6.1 Criticism of the SWOT analysis

There is some criticism directed towards the usage of the SWOT analysis. Some scholars\textsuperscript{81} claim that it is; “poorly structured, very general, hastily conducted exercise that produces unverified, vague and inconsistent inventories of factors regarded by the proposing individuals as most important components of their organisation's strategic situation.”\textsuperscript{82} When we are going to conduct our analysis on Norway Park we will keep these potential flaws in mind in order to create the best fundamental basis for our further strategic recommendations.

\textsuperscript{81} Koch (2000), SWOT Does Not Need To Be Recalled: http://www.westga.edu/~bquest/2000/swot1.html

\textsuperscript{82} Koch (2000), SWOT Does Not Need To Be Recalled: http://www.westga.edu/~bquest/2000/swot1.html
4 Analysis

*In this chapter the authors have analyzed the internal and external environment of Norway Park.*

4.1 Key findings from the interviews and primary research

During the primary research the authors found that logistic, access to skilled labour and reduction in cost are the main factors that attract Scandinavian companies to China.

Whilst culture, the Chinese way of doing business and the bureaucracies are barriers the interviewees most frequently claimed should be expected during a business establishment in China.

When attracting Scandinavian companies to an industrial park, the use of personal and professional network seems to be the most important method, however telemarketing, e-mail and personal meetings are also important.

In our questionnaire we found that the most valuable benefit an industrial park can offer is knowledge and experience that will make the process of establishment go smoother.

The majority of companies with experience from industrial parks claimed that they had received sufficient support. However a few companies felt that they had not been given sufficient support when they required it, and they also thought the product and service offered was too expensive.

The majority of companies which have entered China through an industrial park recommend this solution as an easy entry mode. Support from an industrial park can reduce the insecurity around obstacles in the establishment process.
4.2 Marketing Mix

The marketing mix describes the whole product or service, and its attributes. In the analysis chapter the authors describe what *Norway Park* has done so far in the different stages of the marketing mix. The authors will be objective and analytical. We will make suggestions and criticism in the strategy chapter.

*Norway Park’s* vision is: *Norway Park will be the best alternative for Norwegian companies wanting to establish themselves in China.*

![Figure 16: The marketing mix.](image)

*Product:* *Norway Park* will offer a project-based solution for Norwegian companies wishing to establish their company in China. The industrial Park will help customers with everything they need to establish business, such as help with registration, translation, property development and recruitment of employees and suppliers.83 *Norway Park* will help customers solve any problems or challenges they might have in the start phase in China. The park will provide industrial buildings, factories and

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83 Interview with Jan Petter Andersen
office space. *Norway Park*’s administration will offer services such as a central telephone desk, IT services, maintenance, further development of property, lease of buildings, transportation and logistics, recruitment of employees, infrastructure and other collective services for the industrial park. *Norway Park* will also provide accommodation for the company managers working in the park and will make arrangements with an international school for their children. The industrial buildings and office premises will be empty, giving the establishing companies the opportunity to customize exactly as they want. For a price, according to the inventory the respectable company requires, *Norway Park* will furnish and install everything prior to their arrival.\(^8\)\(^4\) This will give the new companies the opportunity to start their scope of business quicker. *Norway Park* wants to attract companies within industries like electronics, shipping and high-tech since these industries are encouraged by the government of *Zhenjiang*. 

**Price:** According to Mr. Jan Petter Andersen in *Norway Park* the average price for a company will be around 250 000 NOK and will include: approval, establishing the company, a lawyer, an employment interview, and employment. The price for the whole establishment process may, according to Mr. Jan Petter Andersen, vary with the size of the establishing company.

The Average rental cost will be about 200 NOK/m\(^2\) annually if the company has production and office areas in the same building. If the company also wants to rent office space, it will cost about 300 NOK/m\(^2\) annually. *Norway Park* has not yet developed a standardized price list.\(^8\)\(^5\)

**Place:** *Norway Park* is located in *Zhenjiang*, one of the main city zones of *Zhenjiang*. *Zhenjiang* has two deep water ports and has a good geographical location when it comes to logistics. Moreover the Beijing - Shanghai railway and the Shanghai - Nanjing expressway runs through the *Zhenjiang* district.\(^8\)\(^6\) It takes 1,5 hours with the high speed train from Shanghai to *Zhenjiang*, making it possible to commute from Shanghai to *Norway Park*. The industrial park is located just 500 meters from the

\(^8\)\(^4\) Interview with Jan Petter Andersen  
\(^8\)\(^5\) Interview with Jan Petter Andersen  
\(^8\)\(^6\) Zhenjiang Investment Guide 2007
The engineering and machinery industry in Zhenjiang consists of many leading enterprises. According to the development plan of engineering machinery industry cluster, the annual sales of engineering machinery will be over 5 billion RMB in 2010.  

There are 26 technical schools in Zhenjiang including two universities specializing in engineering; Jiangsu University and Jiangsu Science and Technology University. The access to skilled labor supports the location of an industrial park focusing around these industries. Zhenjiang city acts as a national model city in scientific & technological advancement, and boasts 210,000 personnel with academic credentials, professional qualifications and technical certificates.

**Promotion:** Norway Park is still under construction and there has been little focus on communication strategy in relation to their customers. Today Norway Park has a website with two different internet addresses; [www.norwaypark.cn](http://www.norwaypark.cn) and [http://norinch.com/](http://norinch.com/), which briefly explain their scope of business and core competence. They also operate with two different brand names, Norwegian Industrial Park and Norway Park. The industrial park has no direct slogan to use in their marketing. They see the webpage as a marketing tool. According to the authors’ evaluation, the current webpage is not very professional but the management has considered hiring a professional web designer to develop their webpage.

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87 The authors company visit 2008.  
88 Zhenjiang Investment Guide 2007  
89 Andersen (2007), PPT-presentation “Norway Park”  
90 Zhenjiang Investment Guide 2007  
91 Zhenjiang China (2008), Advantages of Riverside Development: [http://www.zhenjiang.cn/gb/zgzj/zjgb/eng/ystj.html](http://www.zhenjiang.cn/gb/zgzj/zjgb/eng/ystj.html)  
93 Interview with Jan Petter Andersen
**Norway Park** has conducted some direct marketing by sending 803 e-mail letters to potential companies within the offshore and shipping industry. The e-mails were sent to both the general manager, and the president of each company.

**Norway Park** has also carried out some advertisement by having two pages displayed in a supplement (Norsk Vekst i Kina) in *Dagens Næringsliv* published March 10th 2008.

**People: Norway Park** has currently five employees. When the industrial park is 100% up and running the general manager; Jun Dai will have the responsibility for the administration of the industrial park. The owners include both Norwegians, with understanding of Norwegian companies’ preferences and Chinese with experience of doing business in China. The owners of the industrial park also possess good language skills Chinese, Norwegian and English. **Norway Park** will be responsible for recruitment of skilled labour for the companies in the park.

**Physical Evidence:** The industrial Park will provide industrial buildings, factories and office space. **Norway Park** will customize the offices, factories and industrial buildings according to the customer’s preferences. The park will have an administration which will handle all approvals and paperwork needed to do business in China.

**Process:** Throughout the co-operation **Norway Park** will offer services such as economic guidance and financial services including loans, establishment of bank relations, legal assistance, premises specialized for companies needs, well educated employees, low rental cost, IT support, a place to live for employees, and an international School for their children.

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94 Attachment 3  
95 Attachment 4  
96 Interview with Jan Petter Andersen
All documents regarding the establishment process must be written in Chinese characters. Norway Park will offer translation from Chinese to English and from English to Norwegian. Norway Park will help the customers get the right equipment at a fair price. If a company wants to expand within the park, Norway Park will offer further property development. In order to maintain a good relationship with the customer and encourage further co-operation, Norway Park will have a close dialogue with all the companies in the industrial park.

4.3 Purchasing behaviours of companies

Norway Park is still in the establishment process and has not yet recruited any customers. We will in this section only focus on the findings from our research, and present what Norway Park has done so far.

Norway Park has used direct marketing by sending e-mail to over 837 companies they see as potential customers. In the e-mails they refer to their web-page which briefly explains their scope of business and core competence. Norway Park has also advertised in Dagens Næringsliv to create awareness of Norway Park in the minds of potential customers.

Norway Park as a supplier has not made contact with many potential customers to present the entry mode solution they offer. Norway Park has however been in contact with a few potential customers and given them thorough information about the industrial park. They have also produced a simple feasibility study for a few of the potential customers.
4.4 Porter’s five forces

Michael Porter has established 5 forces that determine the competitive intensity and the attractiveness of a market. These forces affect the company’s ability to serve its customers and to make a profit.97

4.4.1 The intensity of existing rivalry

We found that Nordic Industrial Park (Herby referred as NIP) is Norway Park’s biggest competitor in China because they offer very similar products and services as Norway Park. NIP has 45 years of experience of doing business in China and was established in 2003 in Ningbo, a city 4 hours with train north of Shanghai. NIP has

97 Kotler (2005), Markedsføringsledelse: p 198
currently over 30 companies in their industrial park, 8 of which are Norwegian. NIP has 340 000 square metres of land, 50 000 square metres of factory buildings with 135 000 square metres under construction.\textsuperscript{98} Their aim is to attract companies by offering legal counselling, recruitment, registration, financial solutions, IT support and real estate development.

NIP is in a sense where \textit{Norway Park} wants to be in the future, in relation to size and the compilation of Norwegian companies in the park. Other main competitors are B2B Link China, Innovasjon Norge, Swedish trade council, Wuhan Marine Equipment Industrial Park, European Park, Chinese Industrial Parks such as Shanghai Fungus Industrial Park. Chinese consultants and agents can also offer similar support as industrial parks in the registration process of foreign business establishment in China.

4.4.2 Threat of new entrants

The government has restrictions on property lease and sale in Zhenjiang. They can only offer a fixed number of square meters of land for lease or sale each year. This makes it difficult for new entrants without proper connections and \textit{guanxi} to establish industrial parks in Zhenjiang. The municipal government in Zhenjiang only has limited property left to lease/sell because the central government has decided not to offer much more due to the social implications of moving inhabitants from their property in order to expand industries.\textsuperscript{99}

4.4.3 Threat of substitutes

It is difficult to find substitutes to \textit{Norway Park} which can offer the same scope of assistance from establishment to daily operations and with knowledge of both Chinese and Norwegian business culture. However potential substitutes are foreign and Chinese consultants and agents. Books and investment guides on how to establish and

\textsuperscript{98} Norsk vekst i Kina (2008): \textit{Etablering i Kina – utvikling og trend}: p 3
\textsuperscript{99} Municipal Government in Zhenjiang (2008): \textit{Presentation}
do business in China can also be a substitute to the support aspects that *Norway Park* offers.

### 4.4.4 Bargaining power of buyers

Since we focus our thesis on Norwegian and Scandinavian industrial parks there is only a limited number of them around the east coast area of China. The bargaining powers of buyers are relatively weak if they demand exactly the scope of support that *Norway Park* can offer. The consumers in this case will probably be more conscious to price changes because it’s a high involvement purchase and they often spend large sums. The authors are aware that American and European industrial parks can offer a lot of the same assistance as Scandinavian industrial parks. However the business culture and language is quite different in Scandinavia as opposed to many countries in south Europe and America. Since they can not offer knowledge of both Norwegian and Chinese business culture the authors do not see it relevant to compare them here.

### 4.4.5 Bargaining power of suppliers

In *Zhenjiang* there are industry clusters within the four industries *Norway Park*’s potential customers are producing. There are therefore naturally many suppliers to the companies within the park, which decreases the individual suppliers bargaining power. There are also many suppliers to *Norway Park*, such as marketers, lawyers and other administrative personnel.

However within the high-tech industry a supplier can have patented technology which increases their bargaining power. In the shipping industry contracts are often long term and there is a lot of money involved. This increases the bargaining power of suppliers in this industry, because of the time and cost of switching to a new supplier. These suppliers have bargaining power with *Norway Park* because one of the park’s functions is to offer suppliers to the industrial park’s customers. The suppliers of skilled labour (individuals applying for jobs) are relatively many because of the concentration of technical schools in the area giving them a relatively low bargaining power towards *Norway Park*.
4.5 PESTEL analysis

The PESTEL analysis is used to describe Norway Park’s macro-environment. The analysis of the macro-environment is divided into key factors such as political, economic, social, environmental and legal issues.

![PESTEL Analysis Diagram](image.png)

Figure 18: PESTEL analysis.
4.5.1 Political factors

The governing politics of a nation are important to take into account when a company is considering business establishment. China is in 2008 considered by Innovation Norway to be a politically stable nation.\textsuperscript{100} Stability concerns the predictability of the politics enforced by the government. China has 5 year plans, and draft new directives every five years.\textsuperscript{101} The Communist Party of China is the only official Political Party, however people who want democracy arrange political demonstrations in the country every year.\textsuperscript{102} Many people in China want democracy, but the government still enforces communist politics. China is encouraging foreign business establishment in the country. China has invested heavily in infrastructure in the last decades to promote, and make it lucrative for foreign investment in the country.

Shipping and high-tech industries are especially encouraged in China and the Zhenjiang area where Norway Park is established. The municipal government in Zhenjiang wants Norwegian companies to establish business there and actually reclaimed the property Norway Park is located on from a previous owner, to sell it to Norway Park. According to Jan Petter Andersen there is an element of uncertainty that the municipal government may be unwilling to approve a business licence for companies which are not classified within these four industries.\textsuperscript{103}

\textsuperscript{100} Innovasjon Norge (2008), \textit{Kina}: http://www.innovasjonnorge.no/Internasjonale-markeder/Kontorer-i-utlandet/Kina
\textsuperscript{102} Kristoffersen (2008), \textit{Det Nye Kina}: 119
\textsuperscript{103} Interview with Jan Petter Andersen
Acquiring property in China involves a lease. The Chinese government does not sell land. In Zhenjiang the municipal government has 70 year leases on land acquired by companies.\textsuperscript{104} In China there are restrictions on the size of the property which the company can acquire. The municipality does not lease less property than 135 000 square meters.\textsuperscript{105}

The Chinese government has invested millions of Yuan in schools, and the education system in general during the last decade.\textsuperscript{106}

\textsuperscript{104} Municipal Government in Zhenjiang (2008): \textit{Presentation}
\textsuperscript{105} Interview with Jan Petter Andersen
\textsuperscript{106} Peoples Daily Online (2005), \textit{China aims to increase education investment to 4 percent of GDP}: \url{http://english.people.com.cn/200511/10/eng20051110_220419.html}
4.5.2 Economic factors

A nation’s economy situation affects the risk involved in business establishment. China has the world’s most rapidly growing economy and is predicted to be the world’s largest economy within 20-30 years. China’s largest trade partner is the USA, and the US economic situation also affects the Chinese economy. For Norway Park the growing Chinese economy represents opportunities like more domestic purchasing power in the market. However with a growing economy comes inflation, which can cause workers to demand higher wages, which again will most likely increase production costs. For Norway Park a high inflation rate is not good, because they sell a service to Scandinavian customers, and higher cost will make it less lucrative for Scandinavian countries to invest in China.

Zhenjiang is to further the degree of investment and construction in riverside infrastructure facilities; to build large-scale harbour’s: focus on developing public wharfs, quicken the construction of container-use special piers, allow the handling capacity of port to hit 100 million tons and exceed 700,000 standard containers starting the 11th Five-year Plan Period; consolidate the position of Zhenjiang Port as one of the China’s pivot ports and the main offshore containers-line port; to develop the greater power capacity: speed up the building steps of the electric energy base of Zhenjiang according to the targets of 6.6 million kilowatt installed capacity; to construct the great transportation network and accelerate construction of the comprehensive communications system of railroads, highways and waterways: focus on promotion of Zhenjiang-Liyang Expressway, the Zhenjiang part of Nanjing-Changzhou Expressway, the Yangtze River-crossing tunnel from Zhenjiang to Taizhou, electrified modernization for the Zhenjiang part of Shanghai-Nanjing Expressway, the Zhenjiang Part of city to city track from Shanghai to Nanjing, Wufengshan River-crossing tunnel, Zhenjiang-Nanxiang Railway and Zhenjiang Part of Shanghai-Nanjing High-speed Railroad, and improve Zhenjiang’s status as a major hub of communications.

107 Kristoffersen (2008), Doing business in China, pp. 2007.09.10
108 Zhenjiang China (2008), Advantages of Riverside Development: http://www.zhenjiang.cn/gb/zgj/zjgb/eng/ystj.html
The value of the Yuan has been increasing steadily the past two years. The Chinese Yuan reached a record high against the dollar in March 2008, the latest in a series of sharp rises that are changing the dynamics of manufacturing in China, cutting already thin margins for some small-business owners. Those who manufacture in China are the first to feel the effects of a strengthening Yuan, but if the currency continues climbing, exporters who sell into the Chinese market - and manufacturers outside China who compete against the country's low-cost goods - will start to see changes in their market dynamics. Enervated competitiveness in the Chinese industry will be one of the first changes in the markets situation. The rise of the Yuan has been long anticipated: While China ended its fixed conversion rate against the U.S. dollar in 2005 and instead pegged the Yuan against a basket of currencies; global policymakers have criticized China since then for keeping the Yuan artificially low. "Although the RMB has appreciated to some degree in the past months, it will eventually level out to a 5% appreciation rate each year, or else China's central bank could face bankruptcy." If you are outsourcing to China today and you have a good relationship with your source over there, stay where you are, in the long run, they're not going to be any cheaper in Vietnam.\textsuperscript{111}


\textsuperscript{110} Maltby (2008), *Rising yuan crunches outsourcers' bottom line*: http://money.cnn.com/2008/04/02/smbusiness/rising_yuan.fsb/index.htm?section=magazines_fsb

\textsuperscript{111} Maltby (2008), *Rising yuan crunches outsourcers' bottom line*: http://money.cnn.com/2008/04/02/smbusiness/rising_yuan.fsb/index.htm?section=magazines_fsb
4.5.3 Social factors

4.5.3.1 Relationship-focused culture

“Relationship-focused people prefer to deal with family, friends and persons or groups who are well known to them—people who can be trusted. They are uncomfortable doing business with strangers, especially foreigners”
Richard R. Gesteland

Norway Park has both Chinese and Norwegian employees to utilize the Chinese employees understanding of the business culture in China. In Norway, it’s suspicious if you do business with someone you know. In China it is suspicious if you don’t know the people you are doing business with.

Chinese people don’t necessarily feel that they have any obligations towards people they don’t have any kind of relationship with.

4.5.3.2 Guanxi

Guanxi is essential when it comes to doing business in China, either as a Chinese or as a foreigner. Guanxi will be an important factor when Norway Park has to get a hold of suppliers for their production companies in the industrial park. Close relationship with managers from different companies in supporting industries is important for Norway Park to establish and maintain in order to help the companies within the park.

113 Kristoffersen (2007), Doing business in China: Lecture
114 Kristoffersen (2007), Doing business in China: Lecture
Guanxi affects Norwegian businesses in that business is often conducted in a different manner in China. According to Jan Petter Andersen the owners of Norway Park have good connection and guanxi with the municipal government in Zhenjiang.\textsuperscript{115} Norwegians often put a premium on information and institutions, whereas the Chinese place a premium on individuals’ social capital within their group of friends, relatives, and close associates.\textsuperscript{116} Since Norway Park offers network and suppliers to the companies within the park, the companies do not have to focus so much effort on accumulating social capital in the establishment phase.

\subsection{4.5.3.3 Corruption in China}

To sum up how corruption has affected China historically and still does the authors puts forward this quote by Sun Yat-Sen:

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“In Hong Kong I found that among the government officials corruption was the exception and purity the rule. It was the contrary in China, where corruption among the officials was the rule. I then thought I would try higher up, to the provincial
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\textsuperscript{115} Interview with Jan Petter Andersen
\textsuperscript{116} Graham & Lam (2003), Negotiating in China: http://hbswk.hbs.edu/archive/3714.html
\end{flushright}
government, but I found that the higher the government the more corrupt were its ways."\textsuperscript{117}

One of the biggest problems foreign companies can experience when doing business in China is the access of credible information and to get an overview of the decision-making process.\textsuperscript{118}

There is a general wariness of foreigners in China, and too close relations between the government and foreign companies may be misinterpreted as corruption. However this wariness is not unfounded and 64 % of all investigated corruption cases the past 10 years have been related to international trade or foreign enterprises.\textsuperscript{119} It is important for Norway Park to be aware of this and exercise great caution when exchanging favours with the government or other municipal officials.

\subsection*{4.5.3.4 Investment in Schools}

The government in China pays great attention on investment in education and modernization. The city of Zhenjiang is a part of the exemplary district of quality education in the Jiangsu province. There are 27 000 students graduating every year with technical competence in Zhenjiang. Potentially there will be over 100 000 workers with technical competence during the next five years. What this means for Norway Park is that the macro environment is changing, making it easier to acquire skilled labour. This fact could mean an abundance of graduates of similar competence, giving them less leverage when applying for jobs. This means that Norway Park can be more selective when hiring new employees and choose only the best students.

The general situation in China in 2008 is that new entrants to the labour force have three times as many years of schooling as those who are retiring.\textsuperscript{120}

\begin{flushleft}
117 Studwell (2003), The China Dream: The Quest for the Last Great Untapped Market on Earth
118 Innovasjon Norge (2008), Kina: http://www.innovasjonnorge.no/Internasjonale-markeder/Kontorer-i-utlandet/Kina
119 Zhang (2006), Bribery Triggers, "Color Revolution" Concerns: p. 18
120 Kristoffersen (2007), Doing business in China: Lecture
\end{flushleft}
4.5.3.5 Language and cultural understanding

Language can often be a challenge when doing business in China. However because of China’s rapid development and their encouragement of foreign investment, more and more Chinese companies are getting broader cultural understanding and are developing language skills. *Norway Park*’s general manager in China has Chinese as a first language but also speaks fluent English and Norwegian. This greatly reduces language barriers between the customers, employees and the management of the industrial park.

4.5.6 Technological factors

4.5.6.1 Marketing

Technological improvements such as Internet and electronic billboards make marketing cheaper and can reach a lot more people than traditional printed marketing. *Norway Park* has a webpage explaining their core business concept and all the surrounding factors such as location, vision, employees, core competence. Since *Norway Park* is a new industrial park on the market their webpage is extremely important in order to inform their potential customers about their business concept.

4.5.6.2 Transportation

In China technical innovation in transportation has been an area of focus for the government in recent years. China has the first high-speed magnetic levitation train (Maglev) in the world and a high-speed train CRH (China Railway High-Speed) opened in 2007, which has a top speed of 250 km/t making the trip between Zhenjiang and Shanghai in only 90 minutes.\textsuperscript{121} These technological factors are important for *Norway Park*, because it will make it more accessible and bring it closer to Shanghai, which is the metropolitan city of China’s east coast. With the new

\textsuperscript{121} CRIEnglish.com (2007), *CRH Trains Ready for Spring Festival*: http://english.cri.cn/2946/2007/01/16/65@185573.htm
technologies transit time during travelling is reduced which means more time used on work and less time on travelling.

4.5.6.3 Internet

In Norway companies are used to being able to do almost everything on the internet, such as paying bills, doing their taxes, placing orders and most of the registration process of new business establishment can be done on line. The Chinese are more sceptical of internet and other possibilities that do not involve face-to-face interaction. For example when it comes to doing transactions online Chinese people are sceptical because of safety issues. The main causes for low Internet security incidents are low security awareness, poorly trained security staff and the lack of effective channels for security information reports. However recent studies show that internet usage is increasing steadily, in 2007 the number of Chinese Internet users was about 137 million.

Chinese companies and the Chinese government have not yet exploited the possibilities of Internet usage. This supports the establishment of an industrial park with good connections with the municipal government, since most of the registration processes are paper based and must be done face to face with the right people.

4.5.7 Environmental factors

China has currently 20 of the 30 most polluted cities in the world and has long realized that they have many challenges concerning the environment. The country’s increasing focus on the environment and how to reduce the pollution contribute to constant changes for companies. New laws are forcing all companies

doing business in China to install filters and catalysts to decrease the pollution. The government has regulations on importing used and old machinery. This can cause problems for companies who want to bring their used machinery from Norway as the government can refuse to let it go through customs. One of the steps in the establishment process is to get an approval from the Environment Protection Bureau where an environmental impact assessment must be drafted and the production process and energy consumption has to be clarified before a company can start operating in China. China is also considering environmental tax on polluters with an aim to cut emission.

4.5.8 Legal factors

4.5.8.1 Contracts

Contracts can not be used as insurance in China since agreements often are based on guanxi. Chinese businessmen will often make sure that most of the clauses in the contract agreed upon have sufficient room for interpretation. For Chinese businessmen it is positive that agreements are possible to renegotiate. This increases the flexibility of an agreement and makes it easier to get out of an unwanted situation and in that way save face. Norway Park has an advantage in understanding when a contract applies because of the Chinese/Norwegian general manager (Jun Dai) who has extensive experience from doing business in China. The general manager will support the companies within the park when it comes to contracts and negotiations. Contracts are by Chinese businessmen viewed as a means to create win-win

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128 Interview with Jonas Cedrin
130 Kristoffersen (2008), *Det Nye Kina*: p 160
situations, and it is widely accepted that a contract is terminated when one of the parties is no longer benefiting from the deal. However the Chinese government has done a lot to make Chinese companies respect contracts, in order to make foreign enterprises feel that they can rely on contacts signed in China, and that it is effective to pursue companies that no longer respect the contract through the Chinese legal system.

4.5.8.2 Copy rights

The Chinese market is flooded with illegal copies, which accounts for 20% of total sales of consumer goods, according to a recent American survey.\textsuperscript{131} There are many laws protecting intellectual property rights (IPR) in China, but they are hardly enforced. Many Norwegian companies are sceptical to establishing their company in China because they are afraid that their products can be copied. By establishing their company in Norway Park the risk of being copied will be reduced compared to establishment in Chinese industrial parks.

*Norway Park* being accustomed to Norwegian business culture will do their best to make sure that sensitive information about companies within the park or their production process does not get in the wrong hands.

4.5.8.3 Enforcement of IPR

 Though China is a party to international agreements to protect intellectual property, including WIPO (World Intellectual Property Organization), Bern Convention, Paris Convention, among others, a company must register its patents and trademarks with the appropriate Chinese agencies and authorities for those rights to be enforceable in

China. Copyrights do not need to be registered but registration may be helpful in enforcement actions.132

4.6 Doing Business in China

4.6.1 Negotiations

In order to do business in China, negotiations with Chinese businessmen are inevitable.

Negotiating a deal in China usually puts forward a set of challenges like cultural understanding, distrust from the Chinese counterpart’s point of view, social status, “face” and harmony being the most important. First of all there must exist two elements in order to have a negotiation. There must be a common interest, for example expanding production, increasing revenue or acquiring new technology. And there must be issues of conflict, such as who pays for what and who gets what, so there can be something to negotiate about.

The difficulty for Scandinavian negotiators is that the Chinese people do not always speak their mind. They are considered a fairly high-context culture.133 For Norway Park this fact would be essential when they are going to do business with suppliers.

Business deals for Scandinavians in China will be less complicated with the zhongjian ren, the intermediary, an impartial person who tries to bring about an agreement.134 The general manager of Norway Park could act as an intermediary even though he is not totally impartial in the negotiation. This will greatly benefit Norwegian companies in the park during negotiations.

133 Graham & Lam (2003), Negotiating in China: http://hbswk.hbs.edu/archive/3714.html
134 Graham & Lam (2003), Negotiating in China: http://hbswk.hbs.edu/archive/3714.html
A potential challenge for *Norway Park* is that deals are in fact just as often struck over a glass of cognac in a bar as in a boardroom. Dining is very important for Chinese people, and is a part of their culture. If a Scandinavian businessman or woman wanting to do business in China does not understand this, it will definitely be unbefitting for them. This can be turned into an advantage for Scandinavian business men in China; since they often come alone and stay in hotels they might not have a wife or children with them. This gives them more free time for social networking. The social connections and friendship they establish by going out to dinner, a glass of liquor or even karaoke will benefit them hugely in business in forms of *guanxi* (social networks).

### 4.6.2 Management

Another challenge worth taken into consideration for Scandinavian companies in China, is finding the right employees to work for them. The management style in China is different from Scandinavian management. Scandinavian countries have a more egalitarian management style, rather than the hierarchical style often used in China. The general manager of *Norway Park* has experience with both Norwegian and Chinese management style so he can adapt to different situations. The general manager can also be in charge of recruitment since he knows a lot about Chinese culture and is better suited to find the right employees to work for the companies within the park.

Chinese people are known to be very pragmatic, and they often have a very consequential way of thinking.\(^{135}\) They justify their actions by considering their likely consequences.

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\(^{135}\) Kristoffersen (2008), *Det Nye Kina*: p 31 & 32
4. 7 Findings from the analysis

In this section we will sum-up our general findings. These will include findings from first- and second-hand research as well as the results from our analysis. We have developed some questions to better identify the most essential findings throughout our analysis.

1) What attracts Scandinavian companies to China?

2) How do Scandinavian companies experience the support given from an industrial park?

3) Which competitors to Norway Park are in the Chinese market?

4) What do potential customers value the most in relation to the support an industrial park can give?

5) How do the competitors use marketing to attract new customers?

6) How does networking in Norway affect the recruitment of new customers?

4.7.1 Scandinavian companies attraction to China

The main reason that Scandinavian companies are attracted to China is the access to cheap and skilled labour. Other essential factors we found during the research are that Scandinavian companies want to be present in an emerging world market; they want to exploit the opportunities that are in China and benefit from the growth potential. Closeness to the world market, better logistics and cut in production costs are other important findings in the research.

4.7.2 Norwegian companies experiences from industrial parks

Positive: quick establishment process, constant support and follow up, reduction of language barriers, reduction of risks related to establishment and foreign market, legal
support and reduction in required capital investment since the industrial park offers buildings for lease, the company does not have to buy the buildings,

**Negative:** too expensive, they show little interest in their customers, you don’t get what you pay for (customer expected value), if one of the Scandinavian industrial parks in China generates an image problem this can reflect poorly on other industrial parks. This is because the industrial parks are not easy to differentiate from one another since they offer a very similar scope of product and service, too long lease (3 years)

4.7.3 **Norway Park’s competitors in the Chinese market**

We found through the primary research and external analysis of the industry, that NIP and B2B link China are Norway Park’s major competitors. Both NIP and B2B offer similar product and services as Norway Park. They are also both Scandinavian which means that they have the same business culture and can speak the same language. However they are not located in the same city zone, but they are all on the east cost of China in the vicinity of Shanghai. We found that Chinese agents and consultants also can be a threat for Norway Park, but are not considered by the authors as direct competitors. They do not possess the knowledge and understanding of Norwegian business culture, which is what Norway Park specialize in.

4.7.4 **What do potential customers value the most in relation to the support an industrial park can give?**

We found it difficult to get reliable answers to this question through our research, but we found however that the most valued support is the on site support of the day to day business. The support in the time consuming registration and the recruitment in the establishing phase is also valued highly by companies within the different industrial parks.
4.7.5 Competitors marketing to attract new customers

NIP, Norway Park’s biggest competitor has used brochures, marketing seminars, direct marketing, face-to-face meetings and networks. Their web page has a list of companies currently in the park, which they use as a reference in their marketing strategy. NIP also arranges excursions to the park’s location in China for potential customers. Norway Park’s competitors make visits to present and potential customers to show their presence and constant support. Like Norway Park, NIP has also used advertisement in Dagens Næringsliv, which is a newspaper that mainly focuses on business life as stated earlier. Through our interview with Claus Tolstrup Nielsen, we found that B2B link China aims to create awareness of their industrial park in potential customer’s mind, by initiating a broad marketing campaign in Denmark. Moreover all their current contacts so far have been developed through private and professional networks. As marketing tools they use their homepage, network, PR, postal and telemarketing to attract Nordic companies to B2B Link China. On B2B link China’s web page they focus a lot on copyright issues, trying to differentiate themselves from other industrial parks by offering to solve projects “within the walls of the industrial park”.136

The effect of networking as a B2B marketing tool

Through our primary research we found that recruitment of new customers was conducted through already established networks in the home country.137 Most of the marketing of industrial parks happen through networks, business associates and word of mouth. Our research revealed that the competitors have used testimonies from business executives of companies within the industrial park, in their marketing. Some of the competitors are members of business associations and may have used contacts or network they obtained there for recruitment or marketing purposes. Examples of networking arenas are Norwegian Business Association (NBA), Swedish Chambers of commerce and Bi Alumni meetings.

137 Interview with Claus Tolstrup Nielsen
5 SWOT and Strategic Problem Definition

In this chapter the authors have summed up the most important elements of the internal and external analysis. Norway Park’s strengths and weaknesses are the elements of the internal analysis. Opportunities and threats are the external elements of the analysis. The elements have been weighted to show their importance.

5.1 Strengths

Experience (A)

The management's experience from doing business in China (however not in the service industry) and Norway. The management has extensive local knowledge and good guanxi with the government.
Strong financial base (B)

The company has a strong financial base; they have currently financed the building of the industrial park with 26 million RMB of proprietary capital.

Location (C)

The park is located in an industry cluster with a high growth rate. The industrial park is located only 1,5 hours by high-speed train from Shanghai. This means that managers can commute between Shanghai and Zhenjiang.

Quality control (D)

Norway Park certifies all their building to Norwegian standards, classified by DNV (Det Norske Veritas).

5.2 Weakness

Market research and knowledge (E)

Norway Park is currently in an establishment phase and has no prior customer references. There has not been done any market analysis or research prior to business establishment in China.

Marketing and web page (F)

There has been done very little marketing of Norway Park and it has not yielded any results. The web page is unprofessional, has unstructured layout and does not provide enough information. So far there has not been done much B2B marketing. There are currently no employees with marketing experience.

Lack of experience in the service industry (G)

The owners do not have any experience in the service industry.

Lack of references (H)

Norway Park is a new player on the Chinese market and does not have any references that can be used as testimonials to attract new customers.
5.3 Opportunities

High market growth (I)

The growth of the Chinese economy and the future estimates of growth represent an opportunity for companies doing business in China.

The government’s encouragement of FDI (J)

More and more industries are being encouraged to make foreign direct investment in China by the PRC government.

Investment in infrastructure (K)

The government’s increasing investment in infrastructure, such as trains, highways, airports etc.
Investment in education (L)

The government’s investment in schools and the educating system results in higher competence amongst workers.

<table>
<thead>
<tr>
<th>Opportunity matrix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits for Norway Park</td>
</tr>
<tr>
<td>Low</td>
</tr>
<tr>
<td>Low</td>
</tr>
<tr>
<td>High</td>
</tr>
</tbody>
</table>

Figure 21: Graphical explanation of how important Norway Park’s external opportunities are according to the authors’ analysis.

5.4 Threats

Competitors with strong financial base and experience from China (N)

Competitors such as NIP and B2B link China can chose to expand their business, which represents a threat for Norway Park.

Change of government policies (O)

The municipal government can change their policies, which can be a threat towards Norway Park and its customers.

Increased inflation (P)
Increased inflation in China may result in increased costs, especially for companies within the industrial park who are exporting their goods to other countries.

**Cultural and language skills (Q)**

Because of China’s rapid development and their encouragement of foreign investment, more and more Chinese companies are getting broader cultural understanding and developed language skills. This trend can be a threat for the industrial park because Chinese industrial parks might end up taking market share from *Norway Park*.

![Threat matrix](image)

**Figure 22**: Graphical explanation of how important *Norway Park*’s external threats are according to the authors’ analysis.

### 5.5 Strategic Problem Definition (SPD)

Based on the findings in SWOT analysis the authors have developed a SPD. The strengths, weaknesses, opportunities and threats weighted as most important in the SWOT analysis jointly formed the basis of the strategic problem definition.

**How can Norway Park through;**

"Further maintenance of" their good social connections with the municipal government in *Zhenjiang* maintain rational use of their strong financial base, promoting *Zhenjiang* as a good location and focus on quality control,"
and improvement of their knowledge of the industry and market, marketing and their web page, personnel with service experience and obtaining market references (Testimonials from customers),

take advantage of market growth and focus on the industries encouraged for FDI, the government investment in infrastructure and education, the event of currency depreciation in the future

avoid the threats of competitors with a superior product and longer experience, the governments changing business policies and increased inflation, Chinese industrial parks with increasing cultural understanding and language skills

5.6 Critical Success Factors (CSF)

CSF is factors that are critical in order to achieve the set goals of further operations. Based on the SPD we have concluded that the following factors are crucial for Norway Park’s success in China.

Successful implement the marketing strategy to attract customers

1) Market orientation

Use resources to implement an efficient market strategy

2) Quality of the product and service

Focus great effort on delivering the promised product and service to the customers, to generate good future references.

3) Maintaining guanxi with the municipal government

Ensure further co-operation with the municipal government to make their customers business establishment in Zhenjiang easier.

138 Framnes (2002), Markedsføringsledelse: p.130
Chapter 1
INTRODUCTION

Chapter 2
METHODOLOGY

Chapter 3
THEORY

Chapter 6
STRATEGY

Chapter 5
SWOT & STRATEGIC PROBLEM DEFINITION (SPD)

Chapter 4
ANALYSIS

Chapter 7
CONCLUSION & RECOMMENDATION

Chapter 8
REFERENCES

Chapter 9
APPENDIX

Short term strategy

Long term strategy

Exit strategy
6 Strategy

Our recommendations are based on a comprehensive analysis which is summed up in a SWOT and SPD. The authors have developed 4 different strategies. One of the first two alternatives should be implemented in a short term perspective, 0-2 years.

1 The primary strategy, the authors see as the most critical to achieve success.

2 The secondary strategy is an alternative choice for Norway Park.

3 The third strategy should be implemented in a long term perspective; 2-5 years.

4 The fourth strategy should be implemented if the others fail; it involves a last resort for Norway Park.

The authors will follow up with a recommendation on how to implement the primary short and long term strategies.

6.1 Primary short term strategy:

Focus resources on marketing

The authors found through internal and external analysis that the potential customer base in Scandinavia is difficult to attract because it is a high involvement purchasing process which takes a long time and involves many decision makers. The park can expand their customer base from solely focusing on Norwegian companies to focusing on Scandinavian companies. Norway Park can still market themselves on their core competences which are language skills (both Scandinavian and Chinese), knowledge of the Scandinavian business culture and their home market. Norway Park can use B2B marketing to attract potential customers. If they want to develop solutions for the customers they see as most likely to need support from an industrial park, they should analyse the respective company to be able to offer the precise scope of assistance they need.

Norway Park can try to keep the same price level as their competitors. They can differentiate themselves by marketing Zhenjiang and its closeness to Shanghai, as a
superior location for an industrial park. We found through our research that *Zhenjiang* with its good infrastructure and logistics is an excellent location for an industrial park.

*Norway Park* can utilize the full potential of their web page by hiring a marketer and a web designer to co-operate on developing the web page.

*Norway Park*’s management can use their exciting business network to reach and attract potential customers. Moreover they can use their specific business experience and references from previously accomplished projects and jobs as a way of marketing the competence of the park’s management.

*Norway Park* can enter a marketing co-operation with a Chinese or Scandinavian company. This could for example be Innovation Norway or consultants offering some of the same services as *Norway Park* but lacking the physical facilities needed in order to offer their customer a satisfying project based solution. Innovation Norway can forward requests regarding establishment in China to *Norway Park*. *Norway Park* can then make offers to the company. The authors recommend a change of name from Norwegian Industrial Park to *Norway Park*. A slogan is also important for any company doing marketing towards businesses or consumers. The authors recommend the slogan: Our Network - Your Opportunity. The industrial park should offer three-year contracts since this, according to Mr. Stern, is the average time a company need help establishing business in China.\(^{139}\)

6.2 Secondary short term strategy:

*Differentiate from main competitors*

We found through our analysis that if *Norway Park* is too similar to its competitors it might be perceived as an inferior copy. If potential customers should recognize *Norway Park* in this way, the park should try to differentiate them selves on price. They must then consistently offer the product and services at a lower rate than their competitors. This secondary strategy will in the short run, result in decreased revenue

\(^{139}\) Interview with Noem Davis Stern
for Norway Park. But in the long run if Norway Park delivers the products and services in a satisfying way, they could take the market share from their competitors.

Norway Park can however choose to offer a narrower scope of services as a way of giving the customer more control in the establishment process. By only offering factory buildings, legal counselling and support in the registration process, Norway Park would be able to offer a lower price than its competitors. The potential customers might see the benefit in having greater control during the establishment. By recruiting their own employees, decorating their own factories, acquiring their own machinery and finding, and recruiting their own suppliers they may perceive reduced risk.

6.3 Long term strategy

Expand the industrial park

As a long-term strategy, if the short-term strategy they chose was successful, Norway Park can expand the industrial park. Norway Park can do further analysis of their potential customers in Scandinavia to reveal if there is still a demand for industrial parks and expansion is feasible. If they further develop the connections with the municipal government they may be able to acquire more land in Zhenjiang regulated for industry.

Norway Park can yield the best possible service to generate satisfied customers which can be used in future marketing.

If there is no possibility of acquiring more property at Norway Park’s current location, they can set up a new industrial park in Zhenjiang or another city on China’s east coast.
6.4 Exit strategy

*Pull out of the Chinese market, or enter a strategic alliance with competitors.*

If the short term strategies fail, *Norway Park* can cut their losses. One way out could be to terminate business. They should first finish the construction of the park and then sell the facilities and assets to the highest bidder, whether it is a Chinese or a western company.

*Norway Park* can seek to enter a strategic alliance with competitors. This can give them access to the competitors marketing skills, knowledge and customer base.
7 Recommendations

The aim of this research was to develop a marketing and communication strategy for Norway Park, focused around the marketing mix.

The authors have analyzed the environment in which Norway Park operates. The analysis includes Norway Park’s micro and macro environment. The analysis has been conducted using primary and secondary data gathered by the authors. All the elements in the analysis have been necessary in order to gain insight into Norway Park’s options in the Chinese market and to create a good marketing strategy. Findings from the analysis have been implemented in the marketing mix because of the lack of previous marketing research and analysis conducted by Norway Park before entering the Chinese market. The strategic recommendations drawn from this paper are very important for the success of Norway Park.

7.1 Product

Norway Park should offer the same scope of products and services as their main competitors (NIP and B2B link China) in the Chinese market. This includes a project-based solution for Scandinavian companies. They should offer registration, translation, property development and recruitment of employees and suppliers. There should be an on site support service offered by the park to help customers solve problems or challenges they might have in the establishment process. Norway Parks should also provide industrial buildings, factories and office space. An administration that provides services such as a central telephone desk, IT services, maintenance, further development of property, lease of buildings, transportation and logistics, infrastructure and other collective services must also be located in the park. Norway Park should offer accommodation for the company managers and their families.

Norway Park should continue with quality inspections and Norwegian standard classifications (Det Norske Veritas)

The authors’ recommendation regarding lease contracts is that Norway Park offers two different contracts. We recommend offering a three-year lease with the
standardized pricing on support and services as mentioned, and an alternative five-year contract. The five year contract should offer incentives for companies such as reduction in price or additional service. A clause in the contract that allows either party to terminate the agreement within a period of six months should be drawn. The authors recommend the possibility to terminate the contract because, if one of the parties in a contract is discontented this could result in a bad reputation for Norway Park or reflect poorly on their brand name.

7.2 Price

The authors found in the analysis that the primary reason for entering the Chinese market is reduction in cost. Norway Park should have reasonable prices and the mark-up should not be too high.

During the research the authors found that the best strategic recommendation for Norway Park regarding price is to follow the market. If they set the price too high the customers will expect a very high quality from their products and services. Since the industrial park itself is in the establishment phase and has no previous references, the customers may be sceptical of their ability to deliver such high quality.

If the industrial park set the prices too low, the customers might perceive Norway Park as an inferior copy of other Scandinavian industrial parks and consider the risk related to the establishment as higher. The authors therefore recommend Norway Park to follow the pricing set by their main competitors in the market. The employees in the industrial park should strive to deliver high quality in their services to give the customers a higher perceived value.

Norway Park should offer project based pricing to follow the business culture in Scandinavia. The park must be able to give a price from initiation in Scandinavia, until the company has production up and running in China. The authors recommend standardised pricing on each of the support services and a price list should be developed.
7.3 Place

The authors recommend *Norway Park* to continue operations in *Zhenjiang*. During the analysis we found that *Zhenjiang* is a very good geographical location. Through the primary research the authors found that the labour cost in *Zhenjiang* is 40% lower than in the nearby cities, Shanghai and Nanjing. The further recommendation for *Norway Park* is to finish the industrial buildings currently under construction and to get lease contracts with customers on all the buildings before they initiate further development of property. This will reduce costs related to construction, and the cost related to buildings that stand vacant after they are finished.

7.4 Promotion

The authors have found through analysis that the potential customers are: small and medium sized Scandinavian companies with 5 to 50 employees. The customers have little knowledge of the market and business culture in China. The customers have a relatively strong financial base. They are companies in the shipping, high-tech, electronics and mechanical industries.

The authors recommend *Norway Park* to be consistent in the choice of a name to build brand awareness. We recommend *Norway Park* to use the name: “*Norway Park*”, instead of the existing name: Norwegian Industrial Park, which was observed through the analysis to be too similar to their main competitor Nordic Industrial Park (NIP). The industrial park should also implement the slogan: Our Network - Your Opportunity.

We recommend *Norway Park* to develop brochures that explain the scope of products and services they can offer. The brochures must also contain an explanation of why China as a market and *Zhenjiang* as an area represent opportunities for Scandinavian companies. The brochures should be used as direct marketing towards Scandinavian companies in the four industries *Norway Park* target. The brochures can also be used as a marketing tool during seminars and meetings with potential customers. When *Norway Park* promotes their location in the marketing mix towards Scandinavian companies, they should focus on the closeness to Shanghai, which is a well known metropolitan city. The park must support the fact that living in Shanghai and
commuting with the high speed train is a realistic opportunity for managers in the industrial park. In the marketing of location, *Norway Park* must also highlight the area’s access to skilled labour within technical industries. The area’s low labour cost must also be focused on.

Through our analysis we discovered that Scandinavian companies can be reluctant to establish their company in China because they are afraid that their products can be copied because of the PRC government’s lack of IPR enforcement. In the marketing strategy of *Norway Park* they can emphasise on these threats and promote the fact that Scandinavian business ethics will be strictly enforced.

Through the analysis the authors found that *Norway Park*’s web page is perceived as unprofessional and is uninformative. The authors are concerned that the current web page may have damaged the potential customer’s impression of the industrial park. The recommendation is therefore not to improve the current web page, but to develop a new one from scratch focused around *Norway Park* as a brand name.

Moreover they should arrange business seminars to inform potential customers of what *Norway Park* has to offer. If *Norway Park* should be in a position, after marketing efforts, that several companies show their interest, they should conduct a brief analysis of the different companies, and then invite a handful of the most relevant potential customers to be flown down to Zhenjiang so they can see the industrial park and the surrounding area.

Further on they should give customized offers to the companies who are evaluating establishment in the industrial park. The customized offer should be detailed and focus around a project based solution.

7.5 Process

*Norway Park* must deliver premium quality on the services they offer in order to obtain testimonials from satisfied customers which they can implement in their long term marketing strategy.
7.6 Personnel

Since Norway Park has no previous references they must be able to document their competence. We recommend Norway Park to outsource legal and economic consultations to professional companies with documented skills, experience and knowledge. By outsourcing some of the consultancy tasks the park will reduce costs as opposed to having consultants as fulltime employees. We found during our analysis that Norway Park will benefit greatly from hiring a professional Scandinavian marketing manager with knowledge of Norway Park’s home market (Scandinavia). The marketer should have experience from B2B marketing and preferably have a good professional network. Norway Park should also hire a professional web designer that can co-operate with the marketing manager and develop a professional web page that can be used as a marketing tool.

7.7 Physical evidence

We recommend using office decoration that is familiar to Scandinavian companies. Norway Park can purchase their office supplies at IKEA, or a similar Western furniture chain. Moreover the physical contract between Norway Park and its customers should look like “Scandinavian contracts”, to reduce customer’s perceived risk. We recommend not using Chinese contracts or receipts unless it is strictly necessary. The recruitment of employees and suppliers should be thorough. Norway Park should consider outsourcing recruitment to a professional recruitment agency, or at least hire advisors to assist them in the recruitment process.

7.8 Summary of the recommendations

Norway Park should hire a marketing manager and outsource the web page development to a professional web designer. The marketing manager and the web designer should cooperate in the development of brochures and initiate direct marketing towards their potential customers in Scandinavia. We recommend Norway Park to officially change their name from Norwegian Industrial Park to Norway Park. They should also promote the slogan the authors’ developed for Norway Park: Our
Network – Your Opportunity. Moreover they should organize business seminars, and arrange trips for potential customers to visit Norway Park in Zhenjiang.
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9 Appendix

9.1 In-depth Interviews

Our primary data is based on qualitative in-depth interviews that are customised with different questions to each of the respondents. Even with different background and questions to each respondent, all questions are based on our problem definition:

Many Nordic companies are expanding to China and may need assistance and support especially in the establishing process. This expanding trend is creating a market for industrial parks and during this questionnaire we will focus on “What is the best marketing strategy for an industrial park and how can they best communicate their strategy to the target group?”

Interview summary – Jan Petter Andersen – Owner - Norwegian Industrial Park – 14/5-2008

The authors interviewed Jan Petter Andersen, one of the owners of Norwegian Industrial Park. He explained to the authors that Nordic companies are attracted to China by low cost production and well qualified employees. Norwegian Industrial Park started the industrial park in Zhenjiang because of the good location, and the logistics are very important in the future. The industrial park is located only 500 meters from the shipping yard. Mr. Andersen claims that they also have very good relations with the local municipality, and guanxi is very important in China.

If Scandinavian companies want to reduce the risk of problems when establishing business or/and expanding their production to China, they should have their own stab to start and run the production the first 6 months. Further, Mr. Andersen informed the authors that the most important service they can give the clients is confidence for the investors. The scope of assistance Norway Park can offer is: economic guidance, market analysis, assistance in establishing bank relations, legal assistance, recruitment
employees and suppliers. They can also offer employees a place to live and have access to an international school for their children, both Norwegian and English.

Norwegian Industrial Park can guarantee support to every customer who wants to establish in their park. Mr. Andersen knows that they have several competitors, but claims that they have not any competitors in the direct vicinity. He also adds that their prices are competitive compared with other Scandinavian industrial parks and the cost depends on how big the companies are. In Norway a normal company would need 10-20 acres of land.

In China, you can’t buy so little land because the community doesn’t sell plots smaller then 135 acres. 1 acre of land will cost about 240.000 RMB (135*240.000RMB = 32.400.000RMB). The average start cost in establishing production in Norway Park will be around 250.000 NOK. This will include the necessary approval, assistance in establishing the company, legal assistance, recruitment of employees and suppliers. Mr. Andersen informed the authors that if a company has production and office areas in the same building, the rental per square metre will be about NOK200/year. If the customer wants to rent an office in another building, the price pr. square meter will be NOK300/year. Further he informed us that the prices is different depending on the size of the establishment and size of locations they need to rent, but they will make a standard pricelist on each service they offer. If a company only wants to hire an office, then Norway Park will offer them an all inclusive “package-price”, but the costumer must naturally pay for extras.

Norway Park will provide the necessary equipment such as office supply and inventory. Four buildings are established and ready to be customised by customers with the necessary office facilities they need. Norway Park’s strengths are that they have low rental costs and have good logistics location with only 500 meters distance from the harbour. The industrial park is localised in a low cost area and there are well educated employees in the district. It is also strength that Norway Park has Norwegian and Chinese (50/50 %) shareholders.
One of Norway Park’s weaknesses is that they still in the start phase of their establishment and have only been on the location for one year. To reduce these weaknesses they ought to use aggressive marketing and recruit their first Norwegian/Scandinavian customer before autumn 2008. They need to be extra informative on their internet site and use more direct marketing in the future. Furthermore they should use additional direct communication with potential customers, such as a presentation of the park through different market areas in Norway and through the use of professional telephone contact. Professional advertisement and track records of successful business for the international companies in the area is also a future strategy. With this strategy they should try to establish 5-10 Norwegian companies in the industrial park.

The biggest threat for Norway Park is that the Chinese government can make it difficult for foreign companies to establish in the industrial park. They can try to avoid this by establishing shipping business, offshore business and high technologic business that take care of the environment aspects. Norway Park wants mainly Norwegian companies, but is also open for Scandinavian companies. As regards to benefits, companies in Norway Park will value highly the fact that Norway Park is established in a expansive area with Norwegian and international surroundings, the feeling of security that the industrial park can give is of additional value.

Mr. Andersen informed the authors that they have sent out 803 direct mails to the offshore and shipping industry in Norway, and had a two page advertisement in a supplementary paper attached to DN (Dagens Næringsliv). They have sent some presentations to potential customers but confess that they must do a more professional job in future and for example list up the companies unique points and focus on these. Norway Park has just received an inquiry from a well known company in Norway asking for 30.000 square meters of buildings and about 60 acres of land. They have been in continuous contact with this customer but admit that they could do much more in other cases to achieve better results. When they get a positive response from
possible customers, they will try to be professional and not too hasty. They will do
good research to find all about the company, such as their business, economic status,
find out who the owners are, their turnover, how many employees they have their
production in other countries etc.

When the authors asked if Norway Park has done anything else to be amongst the
industrial parks/solutions for the potential customers, Mr. Andersen mentioned their
website. But he confessed that the site could be more useful, attractive and more
informative with for example a list with their USP, Unique Sales Points, etc. Mr.
Andersen does see the web-page as a marketing tool, but it needs some fundamental
improvements and they have therefore considered hiring a professional web designer.

**Industrial parks and substitutes**

The authors are interested in exploring the opinion of other industrial parks that can
be used in the analysis of this thesis. Since Norway Park lacks prior experience in the
market, the author can use information from existing industrial parks in the east coast
area to compare their situation, and use this information in developing a marketing
strategy for Norway Park.

**Interview summary – Noem Davis Stern – Project manager - Nordic Industrial
Park – 7/04-2008**

Mr. Stern explained how the idea all started when the top managers were visiting
China in the early 90’s, and saw the opportunities in the rapidly increasing market.

They discovered that Nordic companies in the market needed support and expertise
when establishing in China. They started in Ningbo because of the type of production
there, like magnet production.
Mr Stern believes that Nordic companies are attracted to China mainly because of cheap labour, lower costs and the opportunity to stay in the Chinese market and expand. Previously the costs were even lower because at that time China gave support and tax exemption.

Their marketing strategy to attract Nordic companies to NIP is find different networks, take contact and pay their main target a visit so they can have a meeting face to face. They also use their personal network and references to make contact with potential customers. Sometimes it is a long process since Scandinavian companies take their time in deciding whether they want to enter China or not.

Mr. Stern claims that all kind of companies will benefit by using NIP, especially in the long term. Companies that will benefit the most are small and middle-sized companies with 5 to 50 employees, and with insufficient knowledge of how to do business in China. And they will benefit more if they decide to stay in China over a long period of time.

Establishing a company involves a long process with the authorities, who actually play an extremely important part in this process. For an outsider it can appear a hopeless and endless labyrinth of bureaucracy and incomprehensible papers. But if you know the rules it is not that difficult, anything can be achieved if you know how to do things in the Chinese fashion.

NIP does not offer market analysis but will cover the most of what is needed in the start-up period and follow up with almost all that is needed when establishing in Ningbo. The start-up period usually takes 3 to 6 months. At their industrial park it is easier to find similar companies to cooperate with, so they can reduce their cost and
produce with a better profit. NIP can give customised facilities and services to each and every company in their park.

Mr. Stern told us that problems during the establishment period can occur, even with support from NIP. But this usually happens when companies do not follow the legal procedure as they should. An example of this is when a container is stopped at the Directorate of Customs and Excise because they do not approve the contents. NIP tries to follow up and give support so everything is done correctly and these situations do not crop up. Mr. Stern claimed they do not have any big competitors because their concept is quite unique and will benefit Nordic companies more than other Chinese industrial parks.

NIP is more expensive but it is wrong to just value the price since they provide much more than a Chinese industrial park and will give more benefits. NIP has inside knowledge and is more trustworthy compared with Chinese industrial parks as they do not have the same rules about a contract and can cancel the contract at any time.

Interview summary – Jonas Cedrin – Project Manager - Swedish Trade Council – 24/3-2008

Mr. Cedrin believes there are three main elements that attract Nordic companies to China: Cheap production, easy access to labour and being part of a bigger market. Most of their customers contact them through Swedish Trade Council in Sweden. And since they are partly government-owned public companies, they cooperate with regional authorities and offices, and international export councils. Swedish Trade Council sends out invitations about events such as seminars, marketing themselves through prints and they are in Sweden every 6th week visiting former and potential new customers.
The culture, language and the Chinese way of doing business are some of the main barriers Nordic companies can expect to face and have to deal with when entering China. Companies that try to enter China without any help can experience that establishing is much harder than predicted. Little is done electronically in China and papers must be stamped in person. This can end in an endless running all over town trying to get a permit and all the papers stamped properly. It is a cumbersome and frustrating method and since you do not quite understand the Chinese business culture, you can get quite lost in the process. This process can take a lot of time and create disappointment and misunderstanding.

Swedish Trade Council can assist companies with almost everything in the establishing process if they are willing to pay for the service. They will follow the project from the beginning to the end of the establishment. They will offer market analysis to calculate the company’s chance of success, assist recruiting labourers and find suitable locations. Swedish Trade Council can also help the company to get in touch with other companies and potential customers, assist with negotiations and support with the audit. If customers want to study the Chinese method of doing business, they can learn during the whole process with Swedish Trade Council.

Mr. Cedrin explained that the most valued service customers get from Swedish Trade Council is to having the whole establishment process under control with a structural running in-stage. With every stage in the establishment on a time schedule, the company will know where they will be in the process at all times, and also when they will reach the last stage. The company does not have to run all over the town to get all the necessary papers etc, and can concentrate on other things. If the authorities are slow and prevent the process, Swedish Trade Council can push them to do things faster. Mr. Cedrin claims that a company will save money if they hire some people on Swedish Trade Council to do their job, instead of having an employee in the company to oscillate between China and Sweden all the time.
Swedish Trade Council gives guarantees, but the guarantees do not cover any success factor. They will guarantee that the company will get the support they were promised and if the company is not satisfied with the given service, they will not have to pay for it.

We asked Mr. Cedrin more about barriers “Have any companies experienced problems during the establishment in China, even with support from Swedish Trade Council?” just to find out what kind of problem companies can experience in spite of having had this support.

Mr. Cedrin claimed that a common failure for new companies is China is when companies try to ship used machines to their new production location in China. The Directorate of Customs and Excise can prevent the whole shipping because of customs rules. Further he informed that beside other industrial parks or council companies, it is actually the companies that decide to do the process all by them selves that are their biggest competitor.

**Interview summary - Claus Tolstrup Nielsen - Director - B2B Link China A/S – 13/5-2008**

Mr. Claus Tolstrup Nielsen is the director in B2B Link China A/S. He informed the authors that Nordic companies are attracted to China by cheap manufacturing and market opportunities. He explained that some of the problems Nordic companies can expect to deal with when establishing business or expanding production to China are quality issues, political uncertainties, cultural differences, lack of qualified employees and supply chain issues like delivery time. Mr. Claus Tolstrup Nielsen said that B2B Link China want to take as much insecurity out of their customers projects as possible. They offer a lot of practical knowledge about setting up manufacturing and/or sourcing components.
He informed the authors that B2B Link China’s guaranty their clients on-site management support, both Danish and Chinese, in their industrial park. NIP in Ningbo is according to Mr. Nielsen the strongest competitor to B2B Link China in the Chinese market. He informed the authors that prices for various services are standard. And since they are a smaller organisation, they can meet customers’ needs in a more satisfactory way. Further he explains that B2B Link China has customers that have experienced problems on their own in China, but fortunately they have not complained after receiving support from B2B Link China.

The authors asked Mr. Nielsen about what he felt companies valued most when using B2B Link China, he answered: On-site support from an experienced Danish manager with 9 year China knowledge. According to Mr. Nielsen companies experience that B2B Link China’s employees are honest, hard working professionals with a lot of practical China experience.

To create awareness of B2B Link China in potential customers minds, they plan to initiate a broad marketing campaign in Denmark. All contacts so far have been through private and professional networks. They use homepage, network, PR, Mailings and telemarketing to attract Nordic companies to B2B Link China, and absolutely see the web-page as a marketing tool.

Ref: E-mail interview. Claus Tolstrup Nielsen, Director of B2B Link China A/S 13/05-2008

**Interview summary - Qin Shi Senior - Market Advisor - Innovation Norway – 20/5-2008**

Nordic companies are attracted to China because of the huge market and reduce in cost. They may be confronted with similar problems in doing business in China as their counterparts from anywhere else. Problems may lie in any single aspect of businesses, including market, production, HR, suppliers, raw materials, government policies, transportation etc.
Innovation Norway provides Norwegian companies with services, support and consultation in their penetration strategy for China, including preliminary market research, partner search, as well as operative issues. There is also a section of the Norwegian government that supports Norwegian companies that are willing, able, and ready to enter the Chinese market. Qin Shi sees the web-page as a marketing tool, where people/corporations can get to know more about Innovation Norway.

Innovation Norway tries to co-operate with any other entities/organizations in the field. Further, they feature state support to Norwegian companies which many other entities/organizations may not be able to facilitate. Nordic companies that use Innovation Norway will benefit in that they have experience in the Chinese market, business manners in China and the Chinese culture. Financial support is available for those companies which have a promising China strategy/business plan.

Clients or potential clients of an industrial park

Since Norway Park does not have any reference that could be used in this research, the authors had to find companies with experience cooperating with an industrial park similar to Norway Park. After our primary research the authors found out that NIP is very similar to Norway Park, offering offices, production locations, support and service. The authors e-mailed surveys to all the most relevant companies on NIP’s reference list that are available on their is website. Most of these companies should have some experience and may give some important information that can be analysed.

Interview summary - David Wu – Director - Grenland Group Shanghai – 26/3-2008

Grenland Group did not have access to enough engineers in their market and had reached a point were they had to outsource to another country with easy access to engineers so GG could expand. China was a natural choice since they had easy access
to engineers and the labour was cheap. GG would come closer to the world market and when outsourcing the production to China they could cut down the cost.

They established GG in Shanghai without any assistance, but GG had a small office at Nordic Industrial Park in Ningbo that didn’t have any relation with GG Shanghai. Mr. Wu had a good network in Shanghai and they utilised his guanxi when entering the Chinese marked. Since Mr. Wu is Chinese he is quite familiar with the Chinese laws, bureaucracy and procedure that GG had to get through to establish in Shanghai.

GG have not experienced any form of trouble during the establishment, even without any form of help. This is partly because Mr. Wu has knowledge in how to establish and how to do business in China. He has also a good network that has helped him and GG to make a smooth establishment in Shanghai. It seems like David Wu was very calm about establishing GG in Shanghai without any support, something that shows how important guanxi is in China and the influence it makes.

When the thesis problem definition was discussed, he said that Norway Park should market the industrial park as being close to Shanghai as opposed to being in an almost unknown city. An unknown city will not be as attractive as famous Shanghai. He also mentioned that Norway Park should focus on attracting small and medium companies with up to 50 employees, and on expanding their production to the Chinese market, not only because of the reduced costs but also because they are willing to sell their product on the Chinese market.

These companies should be willing to stay in the Chinese market for long time and cooperate with other Nordic companies that are in the same industrial park. Norway Park should also get top competence in Chinese marketing so customers can have access to this kind of service. Different companies need different kinds of support and degrees of support. Norway Park should customise their service from company to company so they do not have to pay too much for something they do not need. Mr.
Wu said that NIP was too expensive and that GG would not benefit from cooperation with them in their present situation, and that a company like GG would have to pay too much for the office in Ningbo.

David Wu said also that it is risky of Norway Park to narrow their market only to the Norwegian market. The target market in Norway is too small and it can be difficult to attract companies to their industrial park.

**Interview summary - Håvard Dyre Johansen – Project manager - Beta Shipping China – 4/4-2008**

Beta Shipping had already a base in Singapore, so the difference was not too great. They gained vicinity to the world market, their customers, better logistic, cheap labour and the growth potential.

Mr. Johansen informed the authors that at first they started with a representation office with a dispatch from their office in Indonesia. The Indonesian man made quite a mess with missing documents and had not kept accounts. One year later Mr. Johansen had to clean up the mess and fired almost all the staff because he couldn't trust anyone. He did not think the problem could have been avoided with qualified support.

According to Mr. Johansen, an industrial park would not have been a choice for them, and he does not think an industrial park could have helped them more then Innovation Norway. An industrial park would never have been right for them, since a representative office does not match with an industrial park. If they had been producing things, maybe this would have been a different case. It may have been of interest if the industrial park had been a cluster of shipping companies with easy access to cooperation and customers. But he also admits that some things could have
been easier with some support. He claims that there are plenty of other consulting groups that are much cheaper.

**Interview summary - Lars Høy - Director - Formkon – 5/5-2008**

The representative from Formkon, Lars Høy, could inform the authors that it was the reduction in cost that attracted Formkon to China. They had a supplier in Taiwan, but the supplier increased their prices so Formkon had to find a cheaper supplier. This is their reason for entering the Chinese market.

Mr. Høy explained that the cultural barrier is the biggest obstacle when entering China, both in business and at a private level. Initially they only rented one employee and one office at NIP, *Ningbo*. They later expanded their business in China, and purchased more assistance and service from NIP. Formkon got in touch with NIP through “Håndværksrådet International”, a office in Denmark.

According to Mr. Høy, Formkon experienced that NIP’s local knowledge of Chinese business culture was the most valuable benefit of using the park. Lars Høy claims that Formkon received all the necessary support required. He did however not get any guaranties that sufficient support would be given. He also informed the authors that even though they had support from NIP they experienced some problems, and explained that this is natural in China.

Mr. Høy would recommend other Nordic companies to use an industrial park and to steer clear of substitutes like consultants, agents etc to avoid the risk of getting a “Mr. 5%” x number of times, of all products.

**Interview summary – Niels Boye-Nielsen – Manager Director - Nibo – 6/5-2008**

Nibo is a Danish trading company with a purchase office in *Ningbo*.
Niels Boye-Nielsen, the representative of Nibo, informed the authors that reduction in cost was the main attraction to China. According to Mr. Boye-Nielsen, Nibo entered the Chinese market with the strategy learning by doing. He said that Nordic companies can expect to deal with cultural barriers when they are entering and establishing in China. Further on he explains that it is hard to understand the real meaning of what a Chinese business partner says.

Nibo got in touch with NIP through a mutual business network. According to Mr. Boye-Nielsen, NIP helped Nibo establish a presence in the Chinese market. He thinks network and billboards are the best marketing methods to attract potential companies to an industrial park. And he indicates that companies should expect that all administrative concerns are taken care of by the industrial parks, so they do not have to worry about this.

Mr. Boye-Nielsen informs the authors that Nibo have never experienced any problems in China. He recommends other Nordic companies to use an industrial park because it is an easy entry mode to China. According to Mr. Boye-Nielsen, the most valuable benefit Nibo has experienced is the building of a bridge head. He also adds that options can be used as a substitute like hiring a consultant, an agent, or doing research about Chinese business culture and attempting establishing without support.

**Interview summary - Lars Barkholt – Director - Norwell - 30/04-2008**

The authors sent an e-mail to Norwell to ask if a representative from their company had time for an interview. The information from Norwell would be very much appreciated since their company had experience cooperating with Nordic Industrial Park in *Ningbo*, China. Unfortunately they had no time, and had anyway moved out from NIP in *Ningbo*. Mr. Lars Barkholt from Norwell claimed that the prices went up and there was no service. Further he claimed that NIP is run by business men who are not interested in their customers.
Norwell have moved to an independent office and have found FESCO who can help them manage their local staff for 1/20 of the NIP fee. Finally Mr. Barkholt informed the authors that: “So if anybody asks us if we could recommend a Nordic industrial park, it would be a no. (I know of at least 3 other companies who share this opinion)”

**Interview summary - Gard Eliassen - Managing Director – Kitron – 20/5-2008**

Kitron was attracted to China because of the low cost opportunity. They have not entered the Chinese market, but do sourcing and shipping to Europe. NIP assists them with establishing, registration, hiring people and the infrastructure.

Mr. Eliassen says that Kitron got in touch with NIP on an industrial fair and claims that seminars, industrial fairs and word of mouth from satisfied customers is the best marketing method to attract potential companies.

Nordic companies can expect to have some problem with bureaucracy when entering and establishing in China. It is also a risk of “not seeing the forest for all the trees!” because of the wide range of “quality” or the total lack of “normal Norwegian quality”.

NIP provided a fast and easy start up for Kitron, they have received all the support they needed and have not experienced any problems in China yet. Mr. Eliassen would recommend Nordic companies to use an industrial park mainly to avoid any problems with the Bureaucracy.

**Interview summary - Vidar Eikrem – Director - Ulstein Group – 21/5-2008**

China was the third biggest shipbuilding nation in the world and within some years the biggest. Ulstein Group is involved in the shipbuilding business within several areas and there is therefore a natural reason that Ulstein Group came to China to have
local presence. Ulstein Group established a Joint Venture company with a Chinese shipyard already in 2002. The plan was to establish a J/V shipyard but due to different strategies between the parties, the J/V never became active and was terminated at the end of 2004. Based on the experience from the first period Ulstein Group established a representative office in Shanghai (end of 2004), mainly for marketing and selling Ulstein Group’s designed vessels. Later did they also establish a company in Ningbo; a company mainly engaged in the production of Ulstein Group designed electro equipment.

Mr. Eikrem explained that language, and different business and social culture are some of the barriers Nordic company can expect to deal with when entering and establishing in China. Most business in China is based on relations (guanxi), which takes years to develop.

China may also have “strange” rules and regulations from a foreign point of view. Western countries are used to clearly defined rules and regulations. In China it is flexible and it takes time and resources to decide and conclude. It can also be hard to find qualified and reliable personnel. NIP contacted Ulstein Group first time on e-mail. 8 months later they were visiting the industrial park and 3 months after the visit they signed an agreement.

NIP helped Ulstein Group with registration, business license and advice in Critical Plan Parameters for Finance & Accounting. NIP took also care of the recruitment service, IT service and general advice. Mr. Eikrem believes the best marketing method to attract potential companies is direct marketing, seminars and word-of-mouth. He thinks that a company should expect that an industrial park should offer support with laws & regulations, financial & accounting service, IT service, recruitment service, local suppliers and have domestic & local knowledge. Ulstein Group benefited NIP’s domestic & local knowledge for rules & regulations and the expertise with finance & accounting.
According to Mr. Eikrem, the most valuable benefit is that NIP can deliver most of the support needed in order to establish a new company in China. Ulstein Group has received all the support required, but has also registered a challenge regarding recruitment of experienced engineers and managers.

Mr. Eikrem recommends other Nordic companies to use an industrial park mainly because of an international and experienced management with local experience. He says that a substitute for an industrial park could be hiring a consultant recommended by other international companies.

**Interview summary - Sven Åge Harup-Hansen – Owner - Jade Gate – 25/5-2008**

Jade Gate was attracted to China because of cost reduction and stable infrastructure. Jade Gate entered the Chinese market through NIP. Mr. Harup-Hansen saw an article in a newspaper so he visited the industrial park and signed up with NIP. They helped Jade Gate to establish business and provided a base in China.

Jade Gate did not receive all the support required, and did neither get any guaranties that sufficient support would be given by NIP. Mr. Harup-Hansen explained that the most valuable benefit for them using NIP, was that they got started quicker.

Mr. Harup-Hansen believes that a potential substitute to an industrial park would be anyone that can offer all necessary information to foreign companies without overcharging the service. Nordic companies can expect that all players in the Chinese market are overcharging their services, because they know that Nordic companies are insecure.
Mr. Mikael Hansson explains that EMBA was attracted to China for the same reasons as many other Nordic or European companies: cost reduction. They will reduce their costs by sourcing parts from China and also by assembly modules in China, which are to be delivered to their final assembly in Sweden. Another reason is to be closer to the Chinese market, which is huge for EMBA.

Mr. Hansson believes that many Nordic companies does not fully understand the complexity of establishing business in China. One thing that he has experienced is how many different answers you can get from authorities depending on which person you are talking to. You can get one answer one day, and the next day you will get a new answer. Mr. Hansson thinks that Nordic companies should take advantage of all the help they can get from experienced companies like Swedish Trade Council (STC) etc. It costs some money though, but he believes it’s worth it at the end.

The owners of EMBA were together with the Swedish Trade Council in Shanghai several times to look at different industrial parks. The reasons why EMBA choose Shanghai instead of other cities in China was because of the closeness to the harbour, and that the city is attractive for Swedish managers who wish to work in China. Therefore he believes that the name Shanghai could add value to their brand. The reason why they choose Songjiang district (industrial park) is that they found a newly built and suitable building. Songjiang is also only 30 km away from Shanghai and is easily accessible from the highway. Some of their customers, but also competitors have business in that area.

Usually a Nordic company goes through a long process before deciding to start business in China and Mr. Hansson does not think finding a suitable industrial-park is the first thing on their minds. He believes that word of mouth, information from other companies and information from organizations like STC (and Innovation Norway) are valuable.
A web-page could help to get the first information about the park, but you need to know where to search for the information and Mr. Hansson has a feeling that some people outside China sometimes are sceptic to Chinese-web pages.

Mr. Hansson is certain that you need very good contacts with Chinese people, whether they are agents, consultants or just have good knowledge about the business culture. He had a lot of help from the STC during their company start up. But he has not had very much support from the Songjiang industrial park. Mr. Hansson thinks that maybe other industrial parks would provide more assistance through the process than Songjiang did for them.
Attachment

Attachment 1:

Many Nordic companies are expanding or outsourcing to China and may need assistance and support, especially in the start phase. This expanding trend is creating a market for industrial parks and during this questioner we will follow the red tread “What is the best marketing strategy for an industrial park and how can they best communicate their strategy to the target group?” Your answers are based on your own opinion and experience, and will only be used to help us analyse our thesis.

1. What attracted "Company X" to China?
2. How did "Company X" enter the Chinese market?
3. What kind of problems can a Nordic company expect to deal with when they are entering and establishing in China?
4. "Company X" is listed as a references on NIP’s (Nordic Industrial Park) website, what kind of assistance did "Company X" get from NIP?
5. How did "Company X" get in touch with NIP, and what kind of marketing did NIP use to attract "Company X"?
6. What do you think is the best marketing method to attract potential companies to an industrial park (e.g. Direct marketing, e-mail, seminars, internet, telephone, printed ads, TV ads, investment guides, word-of-mouth…)?
7. What scope of support should a company expect to get from an industrial park?
8. What benefits did "Company X" experience using Nordic Industrial Park, and what was most valuable?
9. Did "Company X" receive all the support required?
10. Did "Company X" experience any problems in China even with support from NIP?
11. Did NIP give "Company X" any guaranties that sufficient support would be given?
12. Would you recommend other Nordic companies to use an industrial park, and why?
13. What would you say is the best substitute for an industrial park in China? (hire a consultant, agent, do research about Chinese business culture and try establishing without support, utilizing knowledge of friends)

**Attachment 2:**

"Industrial Park X"

Many Nordic companies are expanding into China and may need assistance and support especially in the start phase. This expanding trend is creating a market for industrial parks and during this questionnaire we will follow the red thread “What is the best marketing strategy for an industrial park and how can they best communicate their strategy to the target group?

1. What attracts Nordic companies to China?
2. Why did "Industrial Park X" choose the city X to start an industrial park?
3. What kind of marketing is used to attract Nordic companies to "Industrial Park X" in China?
4. What kinds of companies benefit the most of using "Industrial Park X"?
5. What problems can Nordic companies expect to deal with when they are establishing business or expanding their production to China?
6. What is the scope of assistance "Industrial Park X" can offer a company when they establishing business or expanding their production to China?
7. What benefits do companies mostly experience using "Industrial Park X"?
8. Can "Industrial Park X" give any guaranties that sufficient support will be given?
9. Have any companies experienced problems during the establishment in China, even with support from "Industrial Park X"?
10. Who are "Industrial Park X"’s competitors in the Chinese market?
11. What is the average cost of support from "Industrial Park X", for a company with no prior experience of the Chinese market?
Velkommen til Norwegian Industrial Park i Kina!

Er du på utkikk etter et attraktivt utgangspunkt for din bedrift eller for din forretningsidé i Kina? Da er Norwegian Industrial Park det rette for deg!

Norwegian Industrial Park i Zhenjiang, ligger vest for Shanghai og øst for Nanjing. Det er bare 1,5 time fra Shanghai og 30 min. fra Nanjing med tog.

Zhenjiang er en av byene i Yangtze River Delta og ligger i Zhenjiang distrikt. Områdets infrastruktur peker seg ut som et av Kinas mest fordelaktige område for industrietablering, mye pga. Yangtze River Delta. Deltaet står i dag for 1/4 av den totale verdiskapningen i Kina. Riktig beliggenhet i forhold til markedet i Kina og riktig plassert rent logistikkmessig i forhold til Europa og USA.

I dag har flere internasjonale bedrifter etablert seg i Run Zhou industrisone.

- Hvorfor etablere seg i Kina?
- Hvor i Kina skal man etablere seg?
- Hva bør man tenke på når man etablerer seg i Kina?
- Klarer jeg dette på egen hånd?

80% av selskapene fra topp 500 i verden har investert i ”Yangtsze River Delta”.

Norwegian Industrial Park har totalt 400.000m2 areal som ligger i kort avstand til dypvannskai/havn.

April 2008 har vi ferdigstilt 18.000m2 produksjonslokaler og vi vil igangsette igangsatt bygging av kontor / næringslokaler på 12-16 etg., totalt 18-24.000m2. Vår administrasjon vil bli etablert der.

Vi kan bistå med kompetanse og støttetjenster innenfor en rekke områder for etablering i Kina. Etablering i industriparken innebærer et verdifullt fellesskap med andre bedrifter, noe som også representerer et attraktivt internmarked. Samtidig vil vi bidra med tilrettelegging av samhandling, vekst og mangfold.

Norge er kjent for sine kvalitetsbedrifter innen produksjonsområdene; mekanisk, teknologisk, skips og offshore industri.
De fire hovedindustriene som er etablert i Zhenjiang er:
- Mekanisk industri
- Skips/Offshore industri
- Elektronisk industri
- Teknologisk industri
Hvorfor velge oss!
Relasjoner er viktig for forretningssuksess. Nøkkelen til suksess i Kina er gjennom "Guanxi".

Eierne av parken er nordmenn, norskkinesere og kinesere. Vår kompetanse, erfaring om investeringer, etablering, forretningsutvikling og handel i Kina vil være din trygghet for etablering. Det betyr at du kan konsentrere deg fullt og helt om din forretningsidé, mens alle øvrige praktiske forhold er tilrettelagt fra Industriparkens side.

Den som vil etablere en produksjonsbedrift hos oss kommer til ”dekket bord”.

Zhenjiang kommune har god tilgang på høykvalifisert arbeidskraft. Her er det 26 tekniske høyskoler som utdanner 27.000 faglærte arbeidere hvert år.

Run Zhou er et distrikt med lavest lønnskostnader i området mellom Shanghai og Nanjing.

Vi har et samarbeid med BI-studentene, Siri Berg Aspestrand og Silje Christin Dragseth, som har avsluttende diplomoppgave i internasjonal business; Hvordan er det for norske bedrifter å etablere seg i Kina? Siri, Silje eller noen fra vårt selskap vil følge opp denne henvendelsen i nærmeste framtid.

Kontakt oss gjerne, vi hjelper deg!


Med vennlig hilsen

Norwegian Industrial Park

Tlf. +47 69 95 55 90  Fax  +47 69 95 55 90

E-mail : post@norwaypark.cn  Se også vår nettside : www.norwaypark.cn
Attachment 4 (Norsk Vekst i Kina, Suplement to Dagens Næringsliv)

**SISTE STUDIEÅR I SHANGHAI**

Hvert år får cirka 25 studenter fra Bærehøgskulen i Østfold merknadstelling med henblik på å ta sitt siste studieår ved Fudan University i Shanghai – et opphold som gir unik kompetanse og gode karrieremuligheter.

**GODE RÅD PÅ VEIEN**

Norske selskaper i Kina anses for gode finansieringsmuligheter, nyttige råd og praktisk tilnærming. Med 25 års erfaring som delgiver i Kina kan DNV GL tilby de nyeste faglig og praktiske råd.

**Først i køen med ingeniørkontor**

Nye produksjonslokaler

Norgeskan Industrial Park tilbyr nye lokaler tilpasset selskaper innen skip-, oljetom- og elektriskutstyr.

**ÅPNER DØRER**

NIP - et nordisk midtpunkt lokalisert i hjertet av Kinas handels-, finans- og industriens cramet.[1](https://www.nip.com.cn)

1,3 milliarder forbrukere og verdens raskest voksende økonomi – Kina selger opp som en supermakt. Å drive forretninger i Midtens rike krever en noe annen angrepssinkel enn hva norske selskaper er vant med, og kulturforståelse er en av flere ting å ta hensyn til ved etablering.
Norwegian Industrial Park – Zhenjiang

INNFLYTNINGSKLARE LOKALER I KINA

I et spennende industri- og næringsområde nær kaianlegget i Zhenjiang har vi fra april 2008 fire nye, moderne og solide produksjonslokaler til leie.

To bygge på et plan å 3000 m²-10 m takhøyde beregnet for forvarskran.
To bygge på to plan å 3000 m²-5 m takhøyde lettere industri.
Bygning er av solid norsk kvalitet i betong og stål.

Selskaper innen skips-, oljehuse- og elektriske industri er ønsket i dette området og vil passe meget godt inn i disse lokalene.

All supply-virksomhet til skips- og offshore-industrien, har kjempemange muligheter i Jiangsu-provinsen.

Den som vil etablere en produksjonsbedrift i Norwegian Industrial Park, kommer til slutt baed.

VI har også et ledig territories på 350 m² hvor vi kan skreddersy lokaler etter ønske.

Zhenjiang kommune har god tilgang på høykvalifisert arbeidskraft. Her er det 20.000 kvalifiserte arbeidere i området.

Zhenjiang er det distriktet med lavest lønnskostnad i området mellom Shanghai og Nanjing.

Er du interessert i å etablere deg i Kina, ta kontakt for ytterligere informasjon.
Tlf. +47 69 95 55 92 eller på post@norwaypark.cn - Se vår nettside www.norwaypark.cn
Er du på utkikk etter et attraktivt utgangspunkt for din bedrift eller for din forretningside i Kina?

Da er Norwegian Industrial Park stedet!

Norwegian Industrial Park, Zhen Jiang Run Zhou, er en industripark som ligger vest for Shang Hai og vest for Nan Jing. Det tar ca. 2,5 timer til Shang Hai og 1 time til Nan Jing med båt. Tog tar 1,5 time til Shang Hai og 20 minutter til Nan Jing.

Run Zhou er hoveddistriktet i Zhen Jiang kommune og er en av byene i Yangtze kyst distrikt. Områdets infrastruktur peker seg ut som et av Kinas mest fordelaktige område for industriinvestering, mye pga. Yangtze River Delta. Deltaet står i dag for 1/4 av den totale verdiskapningen i Kina. Riktig beliggenhet i forhold til markedet i Kina og riktig rent logistikkmessig i forhold til Europa og USA.

Allerede i dag har flere internasjonale bedrifter etablert seg i Run Zhou industroen. Vår industriområde er på til sammen 400.000 kvadratmeter.

80% av selskapene fra topp 500 i verden har investert i "Yangtze River Delta"

Vår visjon

Norwegian Industrial Park, Run Zhou, skal være det beste alternativet for norske bedrifter som vil etablere seg i Kina.
Hva kan vi tilby:

- Ferdigstilte produksjonslokaler 1 halvår 2008. Inntil 18.000 m² og 10.000 m² kontorer
- Ytterligere 350 mål tomt.
- Teknisk utdannet arbeidskraft
- Stor tilgjengelighet på arbeidskraft - lønninger 1.200 -1.500 yen pr. mnd.
- Logistisk fordel vedr. beliggenhet i RunZhou
- Trygghet for investorer vedr. etablering av bedriften, våre folk på stedet
- Trygghet vedr. offentlige papirer, str. på egenkapital etc.
- Samarbeid med språkkynlige investorer fra Kina og Fredrikstad
- Vi har stor påvirkningskraft i kommunen
- Fordeler mht.- skatt, analyser, statistikk.,"smartkort" hotell, medisinsk hjelp etc.

欢迎各位朋友到润州旅游观光，考察投资！

Hjertelig velkommen til å besøke, utforske og investere i Runzhou.