Metso's Opti Rebranding

Focus on the Promotion of the Renewed Opti Product Families

in China

Hong Cheng

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Master Thesis within the main profile of Marketing and Brand Management

NORGES HANDELSHØYSKOLE

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I want to thank Metso for giving me this opportunity to learn from those intelligent colleagues and lovely Chinese customers. Great thanks to my work supervisor Dr. Petri Ristola, for his sincere support and helpful advice that is truly based on his professional marketing experiences. Meanwhile, I also want to give my special thanks to Ms. Kaisa Rautianen for her clear and valuable guidance in this study. A great thank to Mr. Petteri Venetjoki for the framework developed in the Chinese customers' study. Moreover, Ms. Marika Mattila and Mr. Jouni Kemppainen helped me a lot by devoting their time on a daily basis. Furthermore, without my supervisor professor Sigurd Troye, in addition to Mr. Ze Fan, Zhou Zhou, Kevin Jiang, Jason Li, Deyu Yang, and Cunlong Qian, I never would have carried out a true qualitative research on this level.

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Abstract

Metso Paper Mills Business Unit abridged as “Metso” in this paper, assigned this study. Metso is a global supplier of technology and services in the pulp and paper process industry, and it focuses on delivering profitability and sustainability to customers.

Metso currently provides 136 products under three main brands: Opti, Sym and Val. The inconsistent mixture of these three brands has been confusing Metso internally and its customers externally. Thus, Opti rebranding applies Opti as Metso’s sole brand to unify its previous brands, to reposition and modularize Metso’s selected offerings to capture the growing Chinese mid-market under a lower total cost of ownership. The main purpose of this study is to gain understanding of the Chinese customers’ perceptions of Opti rebranding to assist Metso in effectively promoting the renewed Opti in the Chinese market, while trying to explore guanxi’s role in selecting a supplier.

The literature review consists of rebranding, guanxi and service-dominant logic. The research method applied to this paper is qualitative interviewing and participant observation. Two Ji’an customers were interviewed as a pilot study, in addition to pre-studied 12 experienced Metso employees. A field study on 17 Chinese customers from six different papermaking companies was carried out in China during six weeks’ time. All data was audio-recorded, member-checked and manually analysed by the researcher.

The findings of this study are that the Chinese customers pay little attention to the name changes, but emphasize the tangible values of the renewed Opti. In China, guanxi might be crucial in selecting a supplier when the suppliers’ price and quality are at similar level. However, the Chinese mostly value cost-efficiency (性价比), technology level and reliable references.

Hence, it is suggested for Metso to promote the renewed Opti in a holistic and detailed manner. For example, the latest and proven technology will be cost-efficient and ecological, and fast solve the customers’ existing problems. Moreover, customized rebuilding and/or upgrading will reduce the operational costs, while reliable references and sufficient technical data will support the aforementioned values.

Metso's Evaluation of the Thesis

Master's thesis of Hong Cheng Statement of the assigning supervisor of the work	1/1 Petri Ristola April 27, 2013

Supervisor's statement

Master's thesis of Hong Cheng is titled "Metso's Opti Rebranding – Focus on the Promotion of the Renewed Opti Product Families in China". During last year Metso's Paper Mills Business Unit has engaged in a product families renewal process where all paper machine section level products are gradually evaluated and grouped as product families under single brand "Opti". In this process our previous brands are gradually abandoned as they by the change mainly remain in use for some old, less active products. In practise, our previous brand for the upper product segment "Opti" is repositioned to include our mid-market offering as well. All the new Opti-families include major product novelties providing new content to promote.

In her thesis Hong Cheng studied how this process would suit the needs of our chinese customers and which type of marketing stimuli and materials would be most appreciated by them. The main purpose of the study was to confirm if we are doing a sensible and useful move in the Opti-rebranding considering our main market for new capital equipment, i.e. China, and subsequently, how the rebranding process perhaps should be fine-tuned to better correspond with the aforementioned needs.

Hong Cheng approached the problem by literature analysis of relevant theories, thorough analysis of the chinese culture and by quite a nice sample of face-to-face semi-structured interviews including both our customers and key Metso personnel. She carried out all the interviews with extreme diligence using tape recording and written memos with member check. The results obtained in Hong Cheng's study provide us with a solid basis to continue with Opti rebranding. The key results include solid requirements how to make the whole process clear and logical for the customers and some valuable criticism on the contents of our current marketing materials that we will certainly take into acount when implementing our project.

In her analysis and conclusions of the research Hong Cheng demonstrates very promising skills in understanding our business and its challenges from the marketing perspective. Her behavior in customer interface when observing the sales situations and carrying out the interviews has been excellent.

In summary, I find Hong Cheng's thesis to fulfill the targets set for it. With her active and hardworking attitude she has been able to draw very useful conclusions concerning Metso's Opti rebranding process. For grade of the thesis I recommend very good (4/5).

Dr. Petri Ristola
Director, Marketing and New product sales
Metso, Paper Mills Business Unit

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Terminology and abbreviations

B&P: Board and paper

B2B: Business-to-business

CBBE: Customer-based brand equity

CPMC: China Paper Machinery Corporation

CRM: Customer relationship management

CSR: Corporate social responsibility

DMU: Decision-making unit

Etc.: and so on.

Fig.: Figure

FYP: Five-Year Plan

GDL: Goods-dominant logic

HSE: Health, safety and environment

IPR: Intellectual Property Right

JV: Joint venture

Kg: Kilogram

Metso: Metso Paper Mills Business Unit

MNC: Multinational Corporation

Offerings: Services and products/goods

PESTEL: political, economical, social, technological, environmental and legal

PM: Paper machinery

PODs: Points of differentiation

POI: Points of inferior

POPs: Points of parity

PPP: Pulp and Paper, Power

R&D: Research and development

ROI: Return on investment

SDL: Service-dominant logic

SPIN: Questions of situation, problem, implication and needs-payoff

SWOT: Strengths, weaknesses, opportunities and threats

Voith: Voith Paper

WOM: Word of mouth

WTP: Willing to pay

Pöyry: A global consulting and engineering firm focuses on the energy, forest industry and infrastructure and environment sectors. The company is listed on the Helsinki Stock Exchange and is headquartered in Vantaa, Finland (Pöyry, 2012).

Chinapapernet: The largest paper trading website in China providing the most valuable paper information for the papermaking industries (Chinapapernet, 2012).

RISI: Global leading information provide for pulp and paper industry. It includes forecast and analysis, historical data, market and price, mill intelligence and cost benchmarking (RISI, 2012).

1. Introduction

Metso Paper Mills Business Unit abridged as "Metso" in this paper, assigned this study. Metso is a global supplier of technology and services in the pulp and paper process industry, and it emphasizes delivering profitability and sustainability to customers (Metso, 2012). This study focuses on the B&P (board and paper) category (see fig. 1.1).

Metso focuses on B2B (business-to-business) commercial projects. It involves larger transactions, longer information searching and higher risk in comparison to business-to-consumer (Wright, 2004, p. 4). A project is characterized as unique, complex, discontinuous and committed (Cova, Ghauri, & Salle, 2002, pp. 3-13). Metso delivers the projects in the form of materials and parts, capital items, supplies and business services to the papermakers worldwide (Metso, 2012).

According to Cova et al. (2002, pp. 8-10), the turnkey project usually involves other activities from project inception to completion. Metso typically delivers the PMs (paper machinery) as a turnkey "plus" some features to the papermakers (Fig. 0.2), and those "extra" activities are a huge capital resource for Metso. Such features include the development of the feasibility study together with the customers, supervision during installation and start-up phase, in addition to customer training programmes on plant productivity and runnability (Metso, 2012). It provides an opportunity for Metso to keep its involvement and cultivate a sustainable relationship with customers, which may generate a positive attitude as an "insider" in the future project. In terms of the project uniqueness, purchasing frequency, and familiarity with a need or solution (Enis, 1980), Metso delivers the new and modified supplies to its customers.

China serves as one of Metso's main market areas and is now experiencing fierce competition from international competitors' expanding localization and increasing local PM suppliers. Metso currently provides 136 products under three main brands: Opti, Sym and Val (Fig. 1.2) (Metso, 2012). The inconsistent mixture and use of these three brands has been confusing Metso internally and its customers externally. Pre-study (2012) shows that people perceive Opti as expensive with latest and/or highest technological configuration, while Val is seen as a simplified economical solution with lower automated configuration, with Sym is somewhere between Opti and Val. However, ValZone is one of Metso's top technology and most expensive products, but it is branded with Val. Thus, in order to clarify Metso's brand strategy, there is a clear need to simplify such a large number of brand names.

On the basis of the theories of the product hierarchy and brand hierarchy (Kolter & Philip, 2006; Keller, 2008), Metso is rebranding Opti in each PM section level and in a logical manner (Fig. 1.3). Opti + PM section is an individual brand that integrates the layer of product class and product line, such as OptiStock, OptiPress, OptiCoater, OptiDry, OptiReel and OptiWrap etc. It implies the renewed Opti as Metso's sole brand to unify its previous three brands, to reposition and modularize Metso's selected offerings (products/goods and services) to capture the growing Chinese mid-market under a lower total cost of ownership. In addition, all the products selected into the new Opti product families must be in an active quotation and proven worthy of Opti in terms of quality and performance, In order to effectively promote the new Opti in the Chinese market, it is necessary for Metso to find out the Chinese customers' needs and their perceptions towards Opti rebranding in advance.

Moreover, in order to serve the Chinese customers better, Metso has kept studying their real needs. Metso and Idean (a Finnish user-centric design company) carried out a Chinese customer study in 2011. Through interviewing the capital managers (directors responsible for the capital investment), production managers and maintenance managers at the paper mill, they found that there are gaps between Metso's perception of the Chinese customers and the study results (Table 0.2). The main finding was that "Guanxi and quality is the key to successful customer relationship; price becomes less of an issue when there is a solid foundation of guanxi" (Venetjoki et al., 2011). The goal of this paper is also to find out how guanxi affects the Chinese customers when they are selecting a supplier.

1.1 Research Questions

Lusch and Vargo (2004) point out that customer is always a value co-creator in the customer-oriented SDL (service-dominant logic). Customer insight is also a crucial factor in the brand positioning process, as shown in figure 0.1 (Supphellen, 2012). In addition to Deming's (1950) plan-do-check-act cycle, Metso is now making a significant "change" in its main offering; in order to make the "changes" most accepted by its Chinese customers, it is wise to have the fact-based checks first. Thus, this study can provide an early "signal" for Metso to act towards Opti rebranding. The research questions in this study are clearly defined by Metso:

What are the Chinese customers' perceptions towards Metso's Opti rebranding?

What kind role does guanxi play when the Chinese customers select a supplier?

How should Metso effectively promote the new Opti in the Chinese market?

In order to have a comprehensive understanding of the research questions, it is necessary to explain Metso Corporation and Metso's current position in China, and then move on to introduce Opti rebranding, its background, concept and customer value. After that the paper will briefly describe Venetjoki et al.'s Chinese customer study. In order to rebrand Opti effectively in the Chinese market, it is necessary for Metso to know the Chinese macro and microenvironment well in advance.

1.2 Overview of Metso Corporation

Metso Corporation is a global supplier of technology and services in the process industries, including mining, construction, PPP (Pulp and Paper, Power), oil and gas. It focuses on delivering sustainability and profitability to customers worldwide, and has over 30,000 employees in more than 50 countries with headquarter located in Helsinki, Finland (Metso, 2012).

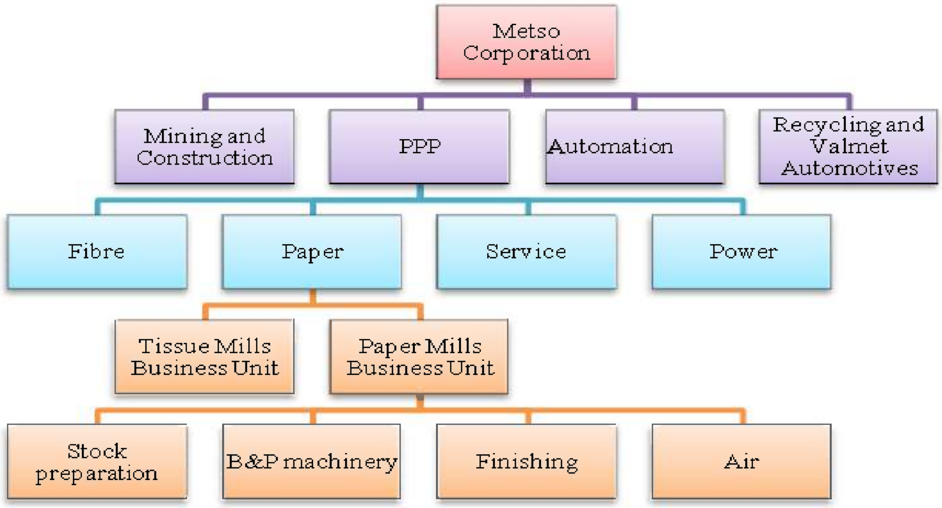

Figure 1.1 Rough organizational chart of Metso

(Metso, 2012)

The root of Metso Corporation can be traced back to a small shipyard in the 1750s. Its PM business was originally named as Valmet in the early 1900s. Metso Corporation was established as a merger of Valmet and Rauma in 1999. The total net sales were 7,504 million Euros in 2012, with B&P stands for 17% of Metso's addressable markets (Metso, 2013).

1.2.1 Organizational culture

Organizational culture is the shared values and beliefs that enable members to understand their roles and the norms of the organization. Generally speaking, Finish organizational culture emphasizes task and equity, like a "guided missile" approaching the target, whereas the Chinese one is more hierarchical, personal, and power-oriented "family"-like (Luthans, 2009, pp. 158-169).

The mission of Metso is to contribute more to the sustainable world by helping customers to process nature resources and recycling material into valuable products, respecting, performing and seeking innovation together with the customers to drive their success. In addition, the vision is "Working as One To be Number One", which stands for "working closely with customers and other key stakeholders within the company, creating added values to stakeholders in everything we do and being the best at it" (Metso, 2012).

Furthermore, the strategy of “five must-wins” aims at long-term sustainable and profitable growth. To put it specifically, accelerating service business growth, creating value in the emerging countries; maintaining technology leadership with a cost-efficient mid-market offering; supporting local growth with a global operating model and developing a working environment that enables everyone to succeed (Metso, 2012). Last but not least, Metso’s HSE (health, safety and environment) management sets a high standard for itself and its business partners (Metso, 2012), which is a clear differentiation from its Chinese competitors. However, do the Chinese customers perceive and are they WTP (willing to pay) a relatively higher price for HSE? This study hopes to provide some answers for such questions.

1.2.2 Metso in China

Metso in China supplies advanced-technological PMs and equipment under the professional and experienced supervision for the entire papermaking process. It ranges from technology, process and equipment for the new installations, rebuilding, upgrades, pulping lines (both chemical and mechanical), fibre processing to the production of B&P and tissue papers (Metso, 2012).

The first PM was delivered to China by one of Metso’s predecessors (Karlstads Mekaniska Werkstad) in the 1930s. The first JV (joint venture) between Valmet and Xi’an was established in 1989. Metso has delivered 60 new B&P machines to China since 2000. China stands for 43% of Metso’s B&P project sales in 2011. At the moment, Metso has approximately 2,600 employees with a local network of manufacturing, sales and service. It operates in one branch office in Beijing, and has three service centres and five fully owned factories in China (Metso, 2012).

Metso’s B&P market share in China reached 30% in 2011 and it is perceived as one of world-leading PM suppliers with advanced-technology and know-how, trusted brand name and excellent references. The Opti brand has been widely spread on its broad installed equipment and plants, such as Shandong Huatai OptiConcept PM8 in 2011, and Fujian Liansheng OptiConceptM PM6 in 2012 (Metso, 2012). Further information on Opti rebranding will be given in the following chapter.

1.3 Opti Rebranding

In order to find out the Chinese customers' perceptions of Opti rebranding, it is necessary to introduce its background, concept and customer value first.

1.3.1 Background

As the demand for B&P consumption drives the demand for B&P machinery, this paper will elaborate on the B&P megatrend and local demand in the Chinese market, in addition to the present product names of Metso in order to look at the background of Opti rebranding.

B&P megatrend in the Chinese market

According to Pöyry (2011), the wider B&P machine has been gradually increasing in the new installations since 2003 (Fig.0.3). However, the small and medium-sized machines still take main role in the new start-ups. The annual growth rate of the compound demand is approximately 4.3% in China (Fig. 0.4). Pöyry (2009) forecasts that the fastest growing areas in the future are containerboard, carton board, tissue, mechanical paper and coated wood free paper. The packaging grades will be a key growth area in the absolute terms (Fig. 0.5 and 0.6). Pöyry (2012) also indicates that China will put more attention on mergers and acquisition for industrial upgrade, while eliminating the backward technology and aiming at the "clean" production.

According to RISI's (2011) research of the world top ten B&P producers and consumers, China ranks the first in terms of total production and consumption, but stays out of the list in terms of per capital consumption, which is 70kg/capital annually. That is a large gap when comparing China to nearly 300kg/capital in the developed countries. China has 1.37 billion inhabitants, and it constitutes one fourth of the global population. In addition, the cost of skilled labours and raw materials is lower than in the developed countries, so the profit seized in the Chinese market remains attractive (China Today, 2011). Also, the fast-moving globalization, industrialization and urbanization will increase the B&P consumption (Chinapapernet, 2012), and indirectly impact the growing demand of B&P machines, which provides an opportunity for Metso.

Localized demand in the Chinese market

According to Hines (2000), globalization leads to increasing international competitions and challenges the local community sustainability; the deflation and job insecurity raises local government protectionism. Hines (2000) also points out that the global economy has experienced a transition from standardized globalization to specialized localization. A site-here-to-sell-here is highly demanded by the local government in order to generate a large-scale labour market.

Metso seized this localized learning opportunity relatively earlier than other international competitors, and established Valmet-Xi'an JV in 1989 (Metso, 2012). However, Metso is now facing fierce competition from its main competitor Voith's expanding investment on localization in China, in addition to the growing local suppliers' challenges. Degraeve and Roodhooft (1966) suggest the total cost of ownership concept as a framework in selecting a supplier. The framework takes into account all relevant costs involved in the purchasing process of a product or service from a certain supplier, and it includes infrastructure, inventories, transportation and information cost etc.

In addition, according to Chinapapernet (2013), the Chinese papermakers' needs have changed rapidly during the past 20 years, shifting from technology focus to low investment costs and presently moving towards low operational costs. There is a clear rebuilding and/or upgrading demand for the customized eco-products in the Chinese market. The Opti rebranding is tied with Metso's "five must-wins" to maintain the technology leadership with a cost-efficient mid-market offering. The renewed Opti also focuses on fulfilling the growing Chinese mid-market demand under a lower total cost of ownership (Metso Internal, 2012), which can be viewed as one of Metso's localization strategies in China.

The present product names of Metso

Metso currently provides 136 products under Opti, Sym and Val brands. Those brands have been widely spread in the line level (Fig 1.2). Opti is perceived as premium, modern and fast-speed with higher technical automated features; Val is mostly considered for economical solution with simple and lower automated configuration; Sym is somewhere in between Opti and Val (Pre-study, 2012). However, the inconsistent and illogical mixture among these three brands has been confusing Metso internally and its customers externally. For instance, ValZone metal belt calendar is one of Metso's top quality and most expensive products, and it is branded with "Val". Thus, in order to clarify what "Opti" stands for, and to capture the growing Chinese mid-market, Metso decided to rebrand and regroup Opti by using the brand of Opti product families (Metso Internal, 2012).

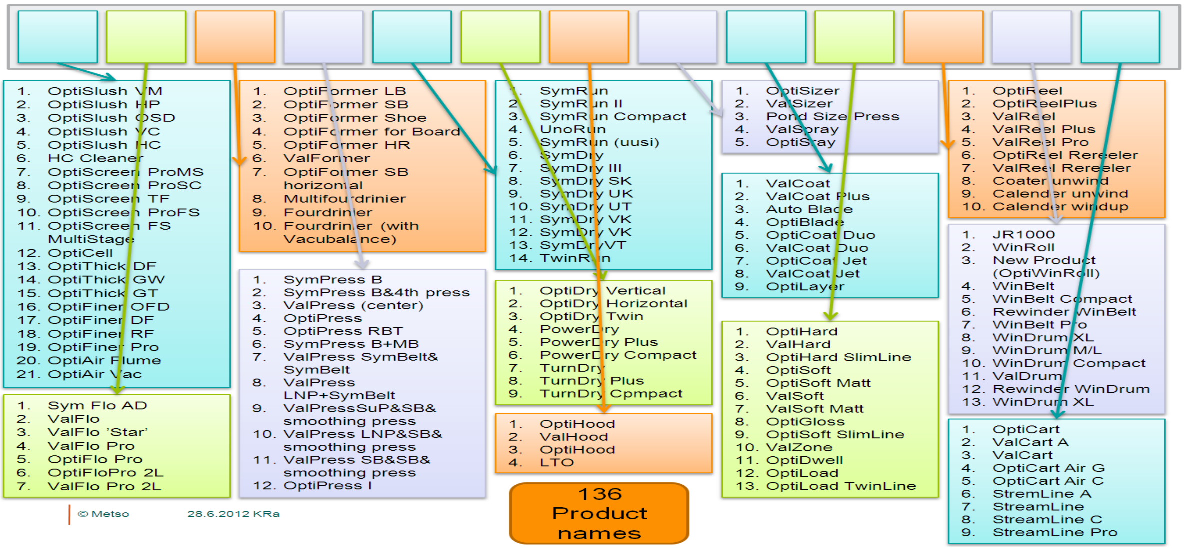

Figure 1.2 Metso's present product names

(Metso Internal, 2012)

1.3.2 Concept

According to Keller (2008, p. 446), brand hierarchy means graphically portraying a firm's branding strategy by displaying the number, nature of common and distinct brand elements across the company's offerings. It reveals an explicit ordering of brand elements (see Metso's brand hierarchy in Fig. 1.3). Metso previously had Opti brands, but it was inconsistent used in the PM product names; and now on the basis of the theories of the product hierarchy and brand hierarchy (Kolter & Philip, 2006; Keller, 2008), Metso is rebranding Opti in each PM section level in a logical manner. Opti + PM section is an individual brand that integrates the layer of product class and product line, such as OptiStock, OptiPress, OptiCoater, OptiDry, OptiReel and OptiWrap etc. It applies Opti as Metso's sole brand to unify its previous three brands, to reposition and modularize Metso's selected offerings to capture the growing Chinese mid-market under a lower total cost of ownership. All the products selected into the new Opti product families must be in an active quotation and proven worthy of Opti in terms of quality and performance (Metso Internal, 2012).

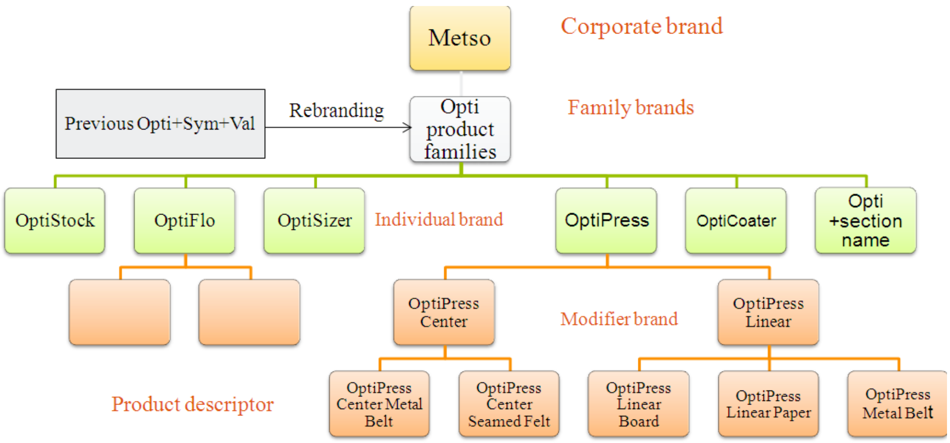

Figure 1.3 Brand hierarchy of Metso

(Keller, 2008; Metso Internal, 2013)

Keller (2008, pp. 446-456) states that there are five types of brand hierarchy from the top to the bottom. The first layer is corporate or company brand, such as Metso. The corporate image is particularly relevant when the corporate or company brand plays a prominent role in the branding strategy. The second level is family brands, which are brands applied across a range of product categories, also called range brands or umbrella brand, such as Opti product families. It can be an efficient mean of linking common associations to multiple but distinct products. The cost of introducing a related new product can be lower and the likelihood of acceptance can be higher when applying an existing family brand to the new product. Metso is thus rebranding its previous Opti, regrouping Sym and Val with some updated technologies into the new Opti product families, in order to reduce the branding cost and increase customers' acceptance.

According to Keller (2008, p. 45), the third layer is individual brand, which is restricted to essentially one product category, although multiple product types may differ in terms of the models and package size. Every papermaking section will have its corresponding individual brand, such as OptiFlo, OptiSizer, OptiPress, and OptiCoater etc. The fourth level is modifier brand, which is used to designate a specific item or model type, or a particular version or configuration of the brand, such as OptiPress Center and OptiPress

Linear. The fifth layer is product descriptor, which can help customers to understand what the product is and what it does, also defines the relevant competition in consumers' mind, such as OptiPress Center Metal Belt and OptiPress Center Seamed Felt etc.

Keller (2008, p. 452) also suggests that introducing a truly new product with a familiar product name may facilitate basis familiarity and comprehension, but perhaps at the expense of a richer understanding of how the new one is different from the closely related previous products. Therefore, Metso must be fully prepared to clarify the differences between the renewed Opti and its previous three main brands.

1.3.3 Customer value

In order to align Metso's selected offerings with customer's mindset, Opti rebranding is generated based on the customer's needs. It also complies with Metso's R&D (research and development) guidelines: helping the customers to enhance their competitiveness by providing them with a better product and/or service to improve their productivity, efficiency, environmental soundness, and utilizing modularized solutions and optimizing the life cycle costs (Metso, 2012).

Metso repositions the new Opti to target the mid-market and the high-end market, and provides high Opti quality at a competitive price, with certain rationalisation of the product portfolio taking place simultaneously. Opti rebranding project started June 2012, and it involves many internal workshops, seminars and training sections among Metso internal experts and product managers (Metso, 2012). The internal communication thus can be improved to some extent since then.

The first two regrouped members of the Opti product families: OptiFlo and OptiSizer were launched in March 2013. In order to assist Metso in effectively promoting Opti rebranding in China, this study will apply the participant observation and qualitative interviewing of the Chinese customers to explore their perceptions of Opti rebranding. Metso will launch the entire Opti family by the end of 2013 (Metso Internal, 2012).

The rebranded Opti will be a symbol of high quality, performance, reliability, safety and ecological awareness. It will possess a customized and modularized solution with a low total cost ownership to capture the growing Chinese mid-market. Opti rebranding also unifies and develops Sym and Val products until they fulfil the Opti standard. Hence, there might be a few reminding Sym and Val brands during the transition period. The renewed Opti will thus lead Metso towards a more coherent, modular procedure across different units and departments (Metso Internal, 2012).

1.4 Venetjoki et al.'s Chinese Customer Study

The customer experience is a sum of all experiences and the relationships a customer has with a supplier, including the conscious and unconscious events (Gartner, 2012). In order to enhance the understanding of the Chinese customer needs and values, and to form a uniform and compatible solution, Venetjoki et al. (2011) carried out a Chinese customer persona study from the customer experience perspective. The study used the semi-structured face-to-face interview on eight R&D, capital sales and service responsibilities from Metso Finland, and four salespersons from Metso China, in addition to eight Chinese customer representatives at mill level (three capital managers, three maintenance managers and two production managers).

There are some gaps (table 0.2) between Metso's perceptions of the Chinese customers and Venetjoki et al.'s study results. Regarding the foundation of doing long-term business in China, Metso thought that the Chinese customers were more concerned about low price and advanced technology, with the language being the biggest communication barrier between the Finns and the Chinese. However, to quote Venetjoki et al.'s finding "guanxi and quality is the key to the successful customer relationship; price becomes less of an issue where there is a solid foundation of guanxi, and the main barrier for communication is that the Finns do not want to communicate". So should Metso emphasize more guanxi and quality to promote Opti rebranding in the Chinese market? In order to assist Metso in effectively promoting the renewed Opti, this study is expected to find out the Chinese customers' needs, and to explore the role of guanxi for a Chinese papermaker to select a supplier.

1.5 The Chinese B&P Market Analysis

China serves as one of Metso's main markets. Therefore, it is necessary for Metso to understand the Chinese market and consumers well enough in order to capture the market insight. In order to illustrate the status quo of Chinese paper industry, this paper will put the renewed Opti into Chinese PESTEL and 12th FYP, and the paper will also explore the existing challenges and embedded opportunities for its potential development.

1.5.1 PESTEL analysis of China

PESTLE analysis is a useful tool for understanding "the big picture" of the environment in which an organisation is operating. It stands for political, economic, social, technological, environmental and legal perspectives, and is used to analyze the risks and opportunities associated with a certain market. It is also a need analysis for a product or service in that market (Kotler & Philip, 2006, p. 85).

China is the Chinese Communist Party dictatorship and aims at stabilizing the economic growth, while maintaining peace and development. The Chinese government highly protects the strategic industries, and largely encourages the MNCs (Multinational Corporation) with in-bound technology and knowledge transfer, with a 15% reduced tax and 50% R&D expense deduction (China Today, 2012). Economy Watch (2010) and Conference Board (2011) predict 4-7% GDP annual growth until 2025. The mostly stable political system provides Metso a positive business environment to develop in China (China Today, 2012).

Moreover, according to National Bureau of Statistics (2005), the Chinese government has increasingly emphasized the environmental importance since 1995. The urbanization and the middle class have been expanding rapidly, which creates a high demand for energy-based consumption, such as tissue paper, packaging and constructional materials. The majority of the middle class is located in the urban areas and has higher education, more prestige occupation and better income in comparison to the rural household. The middle class is also more conscious in terms of democracy and environmental issues (Yang, 2010). Etile and Teyssier (2011) argued that the eco-concerned consumers are mostly WTP a reasonably higher price for the ethical consumptions.

The so-called one-child policy leads to a declining birth rate (1.8%), raising life expectancy (73%), higher national saving rate and aging population (UN Data, 2009).

Education receives a strong emphasis from the Chinese families (China Education Centre, 2012). Still, China does not technically have an independent judiciary or legal system that operates outside the influence of the Communist Party, which leads to the rampant corruption and surface-level harmony. Laws on IPR (Intellectual Property Rights) and human rights with little transparency need to be remarkable improved in the future (World Savvy, 2012).

The new Opti in the Chinese PESTEL

The overall Chinese political stability, growing economy, rising urbanization and middle class, high technological thirst of resource efficiency and better productivity, tighter government regulations on eco-solutions and little legal transparency will directly or indirectly increase B&P consumption. For instance, the growing numbers of educational institutions generate a bigger need for graphic paper, while the expanding urbanization increases the demand for tissue paper, and the convenient e-commerce stimulates the growth of packaging paper and so on.

Metso is a MNC with high standard CSR (corporate social responsibility) and HSE polices. It has a good reputation and references in China (Metso Internal, 2012). The typical Chinese culture encourages the luxury consumption and favouring foreign brands (Lu, 2010). China as a buyer economy and provides a positive environment for a reputable MNC like Metso to expand its market share in China.

Despite the fact that the increased use of electronic device has a strong impact on the printed materials (Chinapapernet, 2013), the significant value the renewed Opti stands for, such as proven technology, cost-efficiency, eco-solution, modularized and high performance, matches the needs of the aforementioned Chinese macro environment. Nevertheless, Metso needs to pay closer attention to avoid IPR and patent imitations by the local Chinese suppliers, and establish a favourable guanxi with the powerful and influential actors in the supply/demand value chain, as it will be a vivid enticement to motivate the rational decision makers to go for the new Opti (Tsui, 1997).

1.5.2 Market status quo of Chinese B&P industry

According to Consumer Daily (2008), during the past 20 years, Chinese papermaking industry has developed rapidly and achieved some results on the technical level, such as notable new models and better production capabilities, but is still lacking in terms of mature technology and relevant practical experience.

China Paper Association (2013) indicates that Chinese paper industrial structure is not reasonable and needs to be improved. The industry is highly fragmented; the top 30 largest enterprises take approximately 29% of the total capacity. The increased costs of operation, resources, energy and labour, in addition to excess capacity, resulted in a low profit margin in 2012. Most papermakers prefer producing a completed set rather than outsourcing. The majority of the advanced domestic PMs are imported or copied from abroad, and few have their own IPR. It is also very difficult to attract and retain highly educated experts due to a high immigration outflow.

According to Qian (2013), Chinese papermakers need to put more effort on the production quality instead of quantity, and to focus on the production and service rather than on the traditional production model. Therefore, it is important for Metso to help the Chinese papermakers to improve their technology innovation and resource efficiency. The significant values of the renewed Opti have a great potential to solve the Chinese industrial structure problems, which makes Opti attractive in the Chinese market.

1.5.3 China's 12th FYP on B&P

China's FYP for National Economic and Social Development is a crucially important tool and blueprint used by the government to achieve its development objectives. It maps out China's future progress in five-year cycles via guidelines, policy frameworks, and targets for policy-makers at all levels of government. The 12th FYP (2011-2015) emphasizes inclusive growth of health care, energy and technology (APCO Worldwide, 2010).

The estimated annual growth of B&P capacity in 12th FYP is 4.5%, focusing on pollution reduction, and energy and resource saving solutions. Approximately 10 million tons capacity of obsolete pulp and board will be shut down during 2011-2015. There is approximately 3.5 million tons gross new capacity needs to be invested in comparison to 11th FYP (2005-2010). Meanwhile, China expects to develop its own R&D capabilities on pulp and papermaking technology, including R&D of advanced equipment with the domestic IPR supplies (APCO Worldwide, 2010).

1.6 Competitor Analysis

There are a large number of B&P machinery suppliers in the Chinese market. The competition is tight and changing rapidly. Currently, Metso's main competitor is Voith, in addition to the increasing number of local suppliers, such as CPMC (China Paper Machinery Corporation), Jiangsu Huadong Paper Machinery etc. (Metso Intelligence Plaza, 2012). This paper will mainly introduce Voith, and then move on to the local Chinese competitors. After that, the SWOT analysis of Metso will follow.

1.6.1 Voith in China

Voith was founded in Germany in 1867, and has more than 40,000 employees in over 50 countries. It is one of the largest family-owned companies in Europe. It sets standards in the markets of energy, oil and gas, paper, raw materials, transport and automotive. Voith supplied the first PM to China in 1937, and also considers China as its core Asian market, with approximately 3,000 employees in four facilities (Voith, 2012).

According to Voith (2012), the company had a 25% market share in China in 2012. It will invest 400 million Euros to expand its local presence, and to increase its local delivery by strengthening the local sourcing management with eco-friendly technology. The strategy focus until 2016 is local embedding, local sales and outsourcing. Voith plans to adapt the cost base, especially for the medium-size machines as its largest growth segment. Meanwhile, Voith has downsized and restructured in Europe. It keeps developing product and service market through an integrated service solution on the stock preparation, tissue machine and automation. To quote Voith's Chief Executive Officer Reinhardt (2012): "My aim is we will manufacture everything needed for the Chinese market in China, and localization is the most important growth-support strategy in China".

1.6.2 Local Chinese competitors

Due to the competitive price, government support and similar culture, the local PM suppliers are gradually expanding their market share in the Chinese market. There are six considerably competitive local competitors (Metso Internal, 2012). This paper selected CPMC to analyse the local Chinese PM suppliers because of its growing capital sales.

CPMC is a wholly owned subsidiary of Sinolight Corporation, which was established in 2010. It is a state-owned enterprise for papermaking machinery with multi-functional R&D, engineering and core equipment manufacturing. CPMC gets significant support and protection from the Chinese government in terms of financing and networking. Its target is to become the biggest domestic R&D and machinery-manufacturing base for paper industry in China (CPMC, 2012). Hence, it largely challenges a MNC like Metso.

1.6.3 SWOT analysis of Metso in China

The SWOT analysis is a strategic planning tool used to evaluate an organization's strengths and weaknesses (internal resource and capacity analysis), and opportunities and threats (external resources and capacity analysis) of the competitive environment that business is operating in. It is instrumental in the selection and formulation of strategy (Pahl & Richter, 2009). In order to find the most suitable strategy for Opti rebranding, the researcher collected the data of 20 experienced Metso employees for Metso's SWOT analysis as shown in table 1.1.

Strength	Weakens	Opportunity	Threat
Holistic supply scope	Weak price competitiveness	Upgrades &rebuilds	Harder competition
World-leading supplier	Organizational structure change often	Service market (little R&D)	Copy cats, IPR
Good reputation/reference	Slow response	Bio-energy (energy saving)	Paper industry bottleneck
Strong local presence	Slow technology & know-how transfer	Huge demand	Needs change rapidly
Experience on R&D	Weak localized management	JV with local suppliers	Unpredictable government
Experienced human resource	Not flexible enough	Customized product	Unwilling to pay service fee
Huge installed bases	Detailed designs	Fragmented industrial structure	Shrunken life cycle of new product

Table 1.1 SWOT analysis of Metso

(Pre-study, 2012)

Strengths

Firstly, Metso has a holistic supply scope for the entire papermaking production line, which ranges from stock preparation, mechanical and chemical pulp to the finishing paper, board and tissue, while Voith mainly provides PM, and Andritz emphasizes the pulp line. Metso entered the Chinese market relatively earlier than other international suppliers, and has a strong local presence and large installed bases along with good reputation and reference (Pre-study, 2012).

In addition, Metso is considered as one of the top two world-leading PM suppliers. It also has a large number of professional and experienced human resources worldwide as the biggest assets to support its business. Moreover, Metso has more PM practical experiences and is willing to invest on R&D to develop products that can fulfil the customers' needs than the local Chinese suppliers (Pre-study, 2012).

Weaknesses

Due to the high quality standard and huge R&D investment, Metso's price competitiveness is weaker in comparison to the local suppliers. Metso is a large corporation with a complex organizational structure, which leads to slow responses and to some extent is not flexible enough. It is also a listed company and its organizational structure changes frequently, which takes time for the internal employees and external stakeholders to get familiar with (Pre-study, 2012).

Metso only manufactures in China, with a little usage of local project management and engineering designs. The company shows a slow technology and knowledge transfer, such as weak localized management and talent building. In addition, Metso is not good at detailed designs, and it has not put much investment in service R&D. The internal communication between Metso Finland and Metso China is mainly based on the work-related topics, which might cause difficulties when trying to build the strong social capital ties. Furthermore, Metso has invested largely in training its employees, but more attractive incentives of its competitors, has caused some employee outflow, which later turned out to be a threat for Metso (Pre-study, 2012).

Opportunities

The Chinese papermakers highly demand the rebuilding projects and target to develop through mergers and acquisitions in order to improve the current fragmented paper industrial structure. They also expect to upgrade the current production lines to reduce their operational costs. The previous large bases installed by Metso provide a great opportunity for the company to develop its service market, such as optimizing the aging equipment, offering the spare parts and maintenance etc. (Pre-study, 2012).

Moreover, the on-site installation costs more and takes longer time, which provides Metso with an opportunity to pre-assemble some parts in its workshops and then deliver them to the customers' mill sites. In addition, the fast-growing local suppliers keep expanding their market share, so it is suggested that Metso should establish a strategic JV with the representative local suppliers. Furthermore, customization is another developing opportunity for Metso to fulfil the different customers' needs, which will most likely generate customers' satisfaction (Pre-study, 2012).

The energy costs compose approximately 20% of the production costs during paper production (Voith, 2012). According to Energy and Environment Research (2012), China has a coal-dominated energy structure, and coal is utilized to produce the electricity and steam needed in the papermaking process. The increasing energy price and stricter environmental regulations motivate the rising Chinese middle-class to care more about energy efficiency and eco-solutions, and they are most likely WTP on the ecological consumption. Bio-energy is thus very attractive for Metso in terms of researching and developing resource and energy efficiency solutions (Pre-study, 2012).

Threats

The Chinese papermaking industry faced excess capacity and a slight profit margin in 2012. Metso in China is experiencing fierce and harder competition, and the technological gap between the local Chinese suppliers and Metso is shrinking. The Chinese customers' needs also change rapidly. In addition to the unpredictable behaviour of the Chinese government towards MNCs, it implies that it might start to favour the local enterprises in a challenging economy. The currently underdeveloped

Chinese IPR legal system allows easy copying of the products, and the shortened life cycle of the new products slows down the utilization speed of the new technology. It is difficult for Metso to follow all the changes from all the directions. Furthermore, the Chinese customers are not WTP the service fee and will rather produce a complete set by themselves (Pre-study, 2012).

To summarize the aforementioned SWOT analysis, it is suggested that the new Opti development should better adapt the customer-oriented SDL. For instance, involve the customers in the product development and collaborate with and learning from each other, being adaptive to customize the customers' individual and dynamic needs etc. (Lusch, Vargo, & O'Brien 2007). The Opti rebranding promotion needs to enhance Metso's strengths by capturing those tangible and intangible customer values of the new Opti. It is wise to contain as many of the aforementioned opportunity-embedded features as possible, while eliminating its existing weaknesses and leveraging threats. For example, the operational costs should be reduced; the solutions should be more cost-efficient and eco-friendly; while the existing customer problems should be solved fast and cooperate innovations together; in addition to the sustainable relationships should be cultivated and so on.

2. Literature Review

This paper focuses on how Metso should best communicate and promote Opti rebranding in the Chinese market, in addition to finding out which kind role guanxi plays for a Chinese papermaker to select a supplier. In order to do this, the branding-related theories will be introduced for Metso's reference, followed by the definition of guanxi in the Chinese culture context. SDL will also be discussed in terms of Metso's future development.

2.1 "Opti" Rebranding

The ultimate goal of Opti product families is to rebrand Opti as Metso's sole brand for the papermakers. According to Keller (2008, p. 2), a brand is a name, term, sign, symbol or design, or a combination of these; intended to identify the goods and services of one seller or a group of sellers, and to differentiate them from competitors. It can create a certain amount of awareness, reputation and prominence in the marketplace. In order to reach this goal, it is necessary for Metso first to know the Chinese papermakers' needs first, after which Metso can rebrand and manage Opti as a consistent CBBE (customer-based brand equity) concept over time.

2.1.1 Jobs-to-be-done theory

According to Ulwick (1992), a company must understand the voice of the customer from the customer experience perspective, and their requirement mostly includes needs, expectations, solutions, benefits, ideas, outcomes and specifications etc. People buy products and services to accomplish a task or achieve a goal. These tasks or goals are called "jobs-to-be-done". Metso must help its customers to get a job done or done better, reach their desired outcomes and eliminate the possible constraints.

Jobs

Ulwick (1992, p. 25) states that people have the regular jobs that they need to get done, and they seek for the products and services, which can help them to perform multiple tasks simultaneously and efficiently. There are three types of jobs the customers are trying to get done under the given circumstances: functional, personal and social jobs. The functional jobs define the tasks people seek to accomplish, which personal jobs explain the way people want to feel in a certain context, and social jobs clarify how people want to be perceived by others. All jobs are relevant to create customer values and they are the key factors for a company to develop an offering. By addressing all three jobs, the customers are trying to get things done in a compact manner in order to reap the significant business profits.

Desired outcomes

Customers want to get a larger number of jobs done more effectively, while they also expect to be able to do a specific task better, faster or cheaper than in the current situation. Defining what “faster” and “better” stand for requires capturing the metrics or value-set measures from the customer’s perspective. Those metrics define how they want to get a job done and what it means to get the job done as efficiently as possible (Ulwick, 1992, p. 31). In order for Metso to capture the Chinese papermakers’ desired outcomes, this study aims at finding out their value measurement from the decision-makers’ and influencers’ perspective.

Constraints

In order to get a job done better, customers also need to overcome the constraints that prevent them from getting a job done. Such constraints often reflect in physical, regulatory and environmental context (Ulwick, 1992, p. 32).

According to Ulwick (1992), Metso must create products and services that help customers to perform a job faster, better, in a more user-friendly way and less expensive than before. To reach this objective, Metso must know what outcomes the customers are trying to achieve, what metrics they use to determine how well a job is getting done, and figure out which technologies, products and features will best satisfy the customers’ needs and improve the underserved outcomes.

Referring to Ulwick (1992, p. 24), in order to execute Opti rebranding successfully, Metso must obtain three distinct types of data information. The first is what jobs the Chinese papermakers are trying to get done, that are what the tasks and activities the customers are trying to carry out. The second is what outcomes the customers are trying to achieve, and the metrics the customers use to define a successful execution of a job.

The third is what constraints that may prevent customers from adapting or using a new product or service. It would be wise for Metso to find out the right job for the new Opti (Christensen et al., 2007). Opti can better help customers to get more jobs done and perform the ancillary jobs better, in addition to improving the customers' chance of getting a specific job done in a satisfactory way, while remove the obstacles that prevent the customers from getting the job done.

2.1.2 Opti rebranding integrates the product and brand hierarchy

According to Keller (2008, p. 446), establishing a brand hierarchy helps to create synergies in brand development. Metso's Opti rebranding strategy is based on the combination of Kotler and Philip's (2006, p. 380) product hierarchy and Keller's brand hierarchy. This chapter will integrate these two theories to illustrate this rebranding strategy. The following figure 2.1 illustrates one of the Opti product family members: OptiPress naming logics.

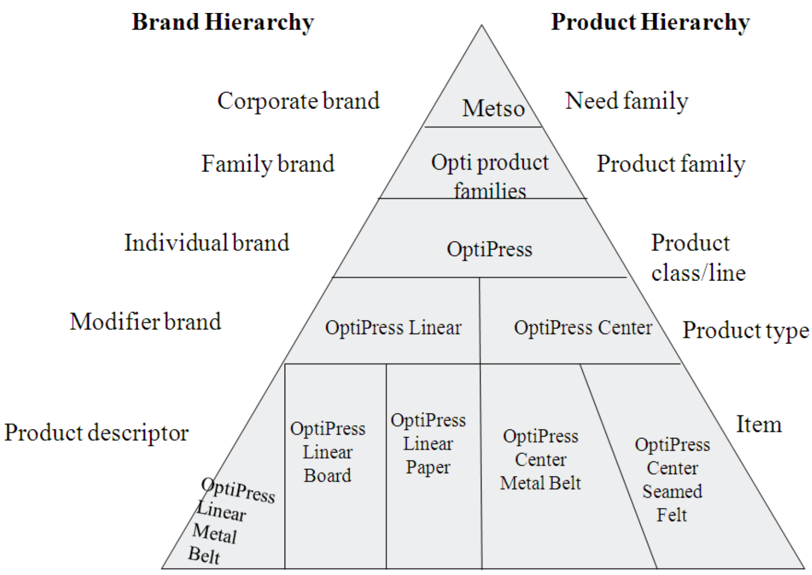

Figure 2.1 Brand and product hierarchy of Opti rebranding

(Kotler & Philip, 2006; Keller, 2008; Metso Internal, 2013)

1. Need family: The core need that underlies the existence of a product (Kotler & Philip, 2006, p. 380). For the papermakers, their core need is the PM to produce paper in order to satisfy their customers' needs. Metso as a corporate brand and it is considered as a well-recognized PM supplier.

2. Product family: The entire product classes that can satisfy a core need with reasonable effectiveness (Kotler & Philip, 2006, p. 380). The new Opti product families unify the previous Opti, Sym and Val, and it represents Metso's sole brand to fulfil mid-market needs with cost-efficient solutions.

3. Product class: A group of products within the product family recognized as having a certain functional coherence. It is also known as product category (Kotler & Philip, 2006, p. 380).

4. Product line: A group of products within a product class that are closely related because they perform a similar function, are sold to the same customer groups, are marketed through the same outlets or channels, or fall within given price ranges. A product line may be composed of different brands or a single-family brand or individual brand that has been line extended (Kotler & Philip, 2006, p. 380). There are many line sections in paper production, such as stock preparation section, press section, coater section, dry section, reel section and wrap section etc. From this perspective, Metso's Opti + PM section is an individual brand that integrates the layer of product class and product line, such as OptiStock, OptiPress, OptiCoater, OptiDry, OptiReel and OptiWrap etc.

5. Product type: A group of items within a product line that share one of several possible forms of the product (Kotler & Philip, 2006, p. 380). Such examples include OptiSizer Spray, OptiSizer Pond, OptiPress Linear and OptiPress Center etc.

6. Item: It is also called a stock-keeping unit or product variant: a distinct unit within a brand or product line distinguishable by size, price, appearance, or some other attribute (Kotler & Philip, 2006, p. 380). Since Metso mainly provides engineer-to-order products (Metso Internal, 2012), which means that each delivery is slightly tailored to meet the customers' specific needs. Opti naming practice is thus based on the product variant differences rather than the stock-keeping unit. For example: OptiPress Center Metal Belt, OptiPress Center Seamed Felt, OptiPress Linear Board, OptiPress Linear Paper and OptiPress Linear Metal Belt etc.

According to Keller at al. (2008, p. 556), Metso must make the current brand briefing and brand-product matrix. The latter is a graphical representation of all the brands and products sold by Metso (Fig.1.2). The grid has the brands as rows and corresponding products as columns, which represents brand-product relationships. When designing a brand hierarchy, the number of levels of brands that will be employed, and the relative emphasis or prominence that brands at different levels must be defined when combined with other products.

Product system and mix

Kolter and Philip (2006, p. 381) also explain that a product system is a group of diverse but related items that function in a compatible manner. The product mix system is the set of all products and items that a seller offers for sale, consisting of various product lines. It has a certain width, length, depth and consistency. The width of a product mix refers to how many different product lines Metso carries, and the length means the total number of items in the mix. The depth represents how many variants are offered of each product in the line. The consistency stands for how closely the various lines are related in the end use, production requirements, distribution channels etc.

Moreover, Kolter and Philip (2006, pp. 382-386) describe that a company can expand its business through expanding four product-mix dimensions. Such expansion requires a product-line analysis by evaluating the sales and profits of each offering item. In order to capture the growing Chinese mid-market, Metso repositions Opti as a down-market stretch from high-end market to mid-market. Metso will also add some new items in the present product with a line filling strategy. Line filling is overdone if it results in self-cannibalization and customer confusion. According to Ernst Weber's law (1834), people can better recognize the relative difference than the absolute difference. Hence, the added items within the present range must thus possess a just-noticeable difference. Metso needs to differentiate each item in the consumer's mind, and it is also necessary to check if the proposed items are met the market needs, which is not simply added or changed only to satisfy an internal need (Kolter & Philip, 2006).

The customer value hierarchy

In order to effectively rebrand Opti, Metso needs first to know its customers' value hierarchy, and then Metso can integrate those most needed hierarchical benefits and/or attributes into the new Opti.

According to Abraham Maslow's the hierarchy of needs, everyone has five basic needs. In an ascending order, they are physiological, safety, social, esteem and self-actualization (Maslow, 1943). It is aligned with Kotler and Philip's (2006) customer value hierarchy. The renewed Opti needs to fulfil the following customer value hierarchy as many as possible.

The fundamental level is the core benefit, it is the service or benefit the customer is really buying. At the second level is about turning the core benefit into a basic product. On the third level the new Opti should prepare the customers' expected values: a set of attributes and conditions the buyers normally expect when they purchase this product. In the developing and emerging countries, such as China and India, competition takes place mostly at this level (Kotler & Philip, 2006, p. 372).

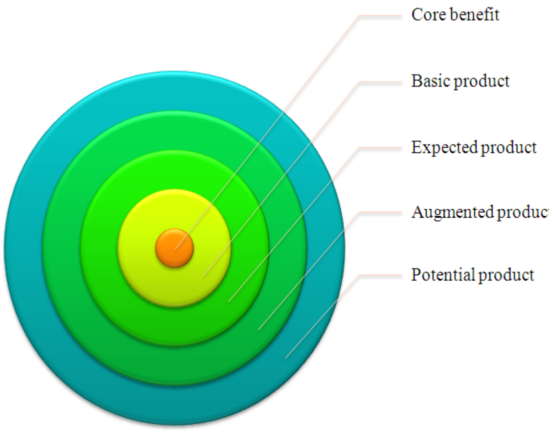

Figure 2.2 Customer value hierarchy

At the fourth level, the new Opti needs to prepare an augmented product that exceeds customer expectations where the differentiation arises. In the developed countries, brand positioning and competition take place at this level. It is worth mentioning that each augmentation adds cost, and the augmented benefits soon become expected benefits and POPs (points-of-parity). The fifth level stands for the potential value, which encompasses all the possible argumentations and transformations that the product or offering might undergo in the future. This layer is similar to the on-going R&D products and it is also where companies search for new ways to satisfy customers and distinguish their offerings (Kotler & Philip, 2006).

2.1.3 Brand positioning

Brand positioning is at the heart of marketing strategy. It is the act of designing the company's offering and image so that it occupies a distinct value in the target customer's mind (Keller, 2008, p. 98). Metso is planning to reposition the previous Opti, Sym and Val into the new Opti product families. In order to embed the new Opti in the consumer's mind and enhance its market performance (Keller, Sternthal & Tybout, 2009), Metso needs to identify an appropriated Opti frame of reference, associated PODs (points of difference) and POPs, in addition to POIs (points-of-inferior).

Defining a competitive frame of reference

Keller (2008, p. 110) describes that the starting point in defining a competitive frame of reference for brand positioning is to determine the category membership. This is not a focal issue for a highly established Metso's product or services.

Establishing PODs and POPs for Opti rebranding

PODs indicate the strong and unique associations that distinguish a brand from others in the same frame of reference, which are fundamental in differentiating a brand from its competitors (Keller et al., 2009). POPs are shared associations with other brands, which are not necessarily sufficient conditions for the customers to choose a brand. Market leaders typically promote their products based on the POPs. POIs refer to the associations that are weaker than competitors (Keller, 2008, p. 116).

By integrating Metso's SWOT analysis in a pre-study with the PODs, POPs and POIs, the renewed Opti then can create its core brand associations which characterize the five to ten most important features and attributes (Keller, 2008, p. 121). It is wise for the new Opti to bond Metso's significant PODs such as the comprehensive supply scope, experiences on the PM R&D, and strong local presences to help the customers reducing the operational costs (Pre-study, 2012). The new Opti also needs to strengthen Metso's POPs, such as providing the customers with reliable and successful references, and professional and experienced expertise. Meanwhile, it would be a great advantage if Opti rebranding could improve the design in a detailed manner, and to some extent accelerate the internal technology and knowledge transfer.

Defining and establishing a brand mantra

According to Keller (2008, pp. 122-125), a brand mantra is an articulation of the so-called heart and soul of a brand. It is similar to brand essence or core brand promise, and is used to promote internally and externally. It should be developed at the same time as the brand positioning. The brand mantra must define the category, inspire people, simplify. It must be short, vivid, crisp and easy to remember. A three-word mantra is an ideal way to capture the irrefutable essence or spirit of the brand positioning.

Internal branding

Brand mantra points out the importance of internal branding. Metso needs to make sure that the new Opti is properly aligned internally. Positioning the brand internally is as important as with the customers. It is crucial that all employees have an up-to-date and deep understanding of the Opti rebranding. Recently, a number of companies have put forth initiatives to improve their internal branding, and it requires a continual open dialogue with their employees in order to motivate them to perceive branding as participatory. It also helps to encourage and create a trust with the customers and employees. The internal branding is thus a critical management priority (Keller, 2008, pp. 126-127). Metso has noticed the importance of internal branding, and has organized many internal seminars and training sections (Metso Internal, 2012). In addition to the main purpose of this study, this paper will present some Metso employees' opinions regarding to the renewed Opti.

2.1.4 Customer-based brand equity

As pointed out by Keller (2008, pp. 48-53), every brand carries a different set of associations. Brand equity consists of customer's different responses towards a brand, and the responses are reflected in perceptions, preferences and behaviour related aspects. Brand knowledge consists of brand awareness and brand image. Brand awareness is the strength of the brand node or a trace in the memory, which means the customer's ability to identify the brand under different conditions. In addition, brand image consists of the consumer's perceptions about a brand, as reflected by the brand abstract and intangible associations held in the customer memory, such as expensive, high technology level, user-friendly etc.

Hence, Keller (2008) suggests that CBBE is about the different effects that brand knowledge has on the consumer responses in terms of the marketing of that brand. A strong CBBE means that the customer has a high level of brand awareness and familiarity, and holds some strong, favourable and unique brand associations in his/her memory. The following brand building blocks provide Metso a platform to build a strong CBBE for the new Opti.

Building strong brand equity

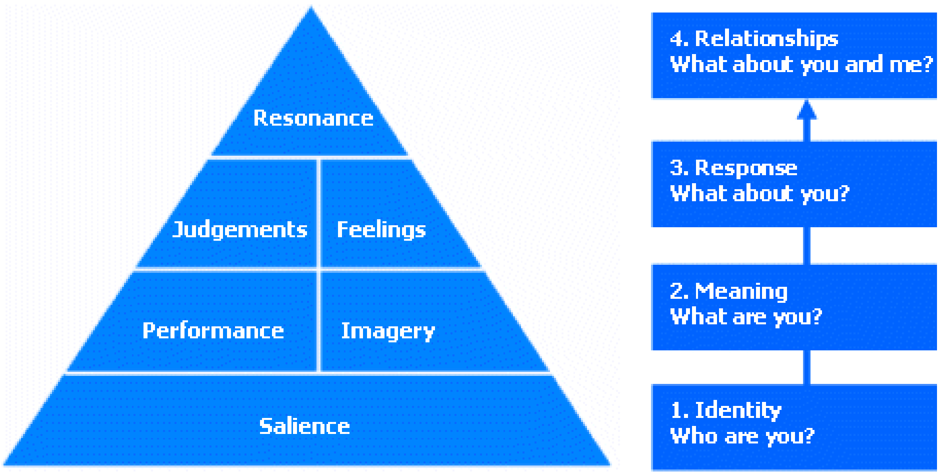

Figure 2.3 Brand building blocks

(Keller, 2008)

Brand salience

Creating brand salience means achieving the right brand identity. It measures awareness of the brand by linking the brand element to a product category or usage situation. The depth and breadth of a brand must be easy to recall from memory (Keller, 2008, pp. 60-64). Metso previously had Opti, which is easy for the regular customers to get used to the new Opti as well.

Brand performance

According to Keller (2008, p. 64), the product itself is at the heart of the brand equity. It has a primary influence on consumer's experiences with a brand. The brand performance describes how well the product or service meets the customer's more functional needs. It transcends the product's ingredients and features to differentiate the brand from others.

Garvin (2000) lists five important types of attributes and benefits that often underlie brand performance: (1) primary ingredients and supplementary features; (2) product reliability, durability and serviceability; (3) service effectiveness, efficiency and empathy; (4) style and design; (5) price.

Moreover, Garvin (2000, p. 42) points out that reliability measures the consistency of performance over time and from purchase to purchase. Durability is the expected economic life cycle of the product. Serviceability is the ease of repairing the product if needed. Thus, the perceptions towards the product performance are affected by the speed, accuracy, the effectiveness of product delivery and installation, the promptness, courtesy and helpfulness of the customer service and training, and the quality and speed of the maintenance service and so on.

Furthermore, customers often have performance-related associations when it comes to service. Service effectiveness measures how well the brand satisfies the customer's service requirements. Service efficiency describes the speed and responsiveness of service. In addition, service empathy is the extent to which service providers are seen as trusting, caring and having the customer's interests in mind. Price is a particularly important performance association because many customers may organize their product category knowledge in terms of the price tiers of different brands (Garvin, 2000, p. 43). Thus, the new Opti needs to emphasize the performance in terms of Opti product itself and its ancillary service.

Brand judgment

Keller (2008, pp. 67-68) points out that customers often have their personal opinions towards a brand. They normally judge the brand from quality, credibility, consideration and superiority. Brand attitudes are consumers' overall evaluations of a brand. Perceived quality measures many inherent approaches to brand equity, which contributes to the customer value and satisfaction. Brand credibility describes the extent to which the customers see the brand as credible in terms of perceived expertise, trustworthiness and liability. Brand consideration means whether the customers actually consider the brand for possible use or not. In addition, brand superiority measures the extent to which the customers view that the brand is unique and better than other brands. Therefore, the new Opti needs to put special attention to the product quality, credibility and superiority in order to obtain a favourable Opti attitude.

Brand feelings

Brand feelings are customer's emotional responses and reactions to the brand (Keller, 2008, p. 68). Metso needs to take the following six important brand-building feelings into consideration: warmth, fun, excitement, security, social approval and self-respect (Kahle, Poulos, & Sukhdial, 1988).

Brand resonance

Brand resonance stands for the nature of the brand relationship and the extent to which customers feel they are "in sync" with a brand, such as behavioural loyalty, attitudinal attachment, sense of community and active engagement (Keller, 2008, pp. 72-74).

In order to develop a most-desired new Opti for the Chinese papermakers, it is very important for Metso to know how they perceive Metso's performance, and which kind of judgements and feelings they have towards Metso's offering and the new Opti, enabling Metso to adjust the Opti features to facilitate the resonance with customers to some extent.

2.1.5 Implication for Metso

Branding is all about creating differences (Keller, 2008). In order to brand the repositioned Opti more attractively, Metso needs to find out which kind of jobs the Chinese customers wish to get done, in addition to their desired outcomes and potential constraints. After that, it is time to integrate those jobs, metrics and solutions to overcome the possible constraints with the customer value hierarchy; to discover the customers' core needs, generic and expected demands, including the augmented and potential requirements. Next, these hierarchical needs should be combined to clarify the PODs and POPs of the renewed Opti, and to improve the POIs in order to eliminate the customers' concerns. It is worthwhile for the new Opti to build a brand mantra, establish an efficient internal branding channel for Metso employees to update this rebranding concept, and altogether to promote the new Opti to or with the market.

Hence, it is suggested that Opti rebranding can more effectively help the consumers to get their various jobs done, and to fulfil the customers' hierarchical value requirements as many as possible. The new Opti also needs to apply the brand building blocks, choosing the “right” brand elements to enhance the brand awareness and image. It can help the new Opti to form a strong, favourable and unique CBBE.

According to Keller (2008, pp. 139-184), Metso also needs to pay additional attention to how the Chinese customers perceive Opti (the previous and renewed one): whether or not Opti is memorable (easily recognized and recalled), meaningful (descriptive, persuasive), likable (fun and interesting, rich in terms of visual and verbal imagery, and aesthetically pleasing), transferable (within and across product categories, cross geographic boundaries and cultures), adaptable (flexible and updatable) and protectable (legally and competitively).

Keller et al. (2008, p. 544) also suggest that Metso must assess the brand equity implications of the brand architecture in terms of spill over (both positive and negative) from the parent brands to the individual products, and vice versa. It is important to keep the following brand architecture guidelines in mind: adapting a strong customer focus; avoiding over branding; establishing the rules and conventions and being disciplined; creating broad and robust brand platforms; selectively employing the sub-brands as a means of complementing and strengthening brands; and selectively extending the brand to establish new brand equity and enhancing the existing brand equity.

According to Keller, Aperia and Georgson (2008), Metso also has to carefully evaluate the brand architecture, brand portfolio and hierarchy. As for a portfolio, it is necessary to find out whether all brands have the clearly defined roles, in addition to whether a brand collectively maximize the coverage and minimize the overlap. For the brand hierarchy, it is crucial to know whether the brand has extension potential within or out the category, and whether it is over extended or not.

Last but not least, the company selects a meaningful brand concept in order to fulfil the consumers’ functional, symbolic or experiential needs. Metso provides PMs and solutions to the papermakers to fulfil their functional needs to produce paper. The brand management concept suggests that the company must manage the brand concept consistently over time (Park, Jaworski, & Maclnnis, 1986).

2.2 Guanxi (Relationship 关系)

According to Butterfield (1982), guanxi is a prominent phenomenon in China and it seems to penetrate all kinds of social activities. It has been deeply rooted in Chinese culture for thousands of years. A culture can be learned, shared, trans-generational, patterned and adaptive (Luthans, 2009, p. 96), and other dimensions embedded in the same culture are interdependent, interrelated and affect each other (Morutan, 2009). In order to give the Metso expatriates a better understanding of Chinese guanxi, it is necessary to first explain the concept of guanxi and Chinese culture in general, and then describe guanxi's influence in selecting a supplier, in addition to the importance of customer reference marketing and CRM.

2.2.1 The concept of Chinese guanxi

Ellis (2011) points out that the guanxi in China are dyadic interpersonal relationships, connections or networks, which are most beneficial for the weaker part in that dyad. The guanxi ranges from expressive and strong local ties (family members and closed relatives) to intermediate ties (typically with friends, classmates and possibly involving intercultural relationships) and comparably weak instrumental ties (people merely knowing each other). The Chinese tend to divide people into two categories: people with whom they have established relationships are seen as "insiders" and people with whom they have not as "outsiders" (Butterfield, 1982).

The structure of guanxi is informal without viable written contracts or laws. It is based on the unbalanced reciprocity and utilitarian, establishing relationship for mutual exploitation (King, 1991). The Chinese view guanxi as a bridge that provides access to the otherwise unavailable resources (Burt, 1992). Hence, guanxi is perceived as an intangible, transferable, reciprocal, utilitarian, contextual and long-term concept (Luo, 2007).

According to Luo (2001), generally speaking, a lasting guanxi can secure, support and even protect business in China. However, guanxi does not just happen; it requires frequent communication and exchange of favours in order to solve the both parties' concerns. The strength of guanxi is founded on the combination of time, intimacy, emotional intensity and reciprocal services, and is mostly enhanced through exchanging favours. Therefore, refusing to provide an expected favour most likely leads to both parties losing face and negatively affecting the guanxi (Granovetter, 1973). In addition, the trust, commitment, satisfaction and loyalty are the four essential and important factors that form a strong guanxi. Furthermore, the balance between equality, independence and fairness can also help to maintain a positive guanxi (Nguyen & Mutum, 1995).

In order to reduce the perceived uncertainty, a personal guanxi is especially necessary in the Chinese business context (Redding, 1990, pp. 112-151). Furthermore, in order to make the favours more legal-like and accepted by the society, especially in terms of avoiding the suspicion of bribery and corruption when working with a senior cadre, there is a tendency not to involve money directly or to use modified transactions (Luo, 2007). However, in order to maintain a continuous guanxi, the favour receiver needs to pay the favour back by using other methods in the future.

Nevertheless, many business guidebooks consider guanxi is a necessary but insufficient factor for success in China. The guanxi can help rather than hinder the business relationships (Yeung & Tung, 1996; Ambramson & Ai, 1999). The social guanxi may contain much more than the Westerners intended to know, and some MNCs might also experience the dark side of guanxi, such as nepotism or corruption that, if strongly connected to the political circles, may lead to competition turbulence (Gu, Hung, & Tse, 2008). The experienced Metso employees and overseas Chinese can be considered as a bridge to building guanxi with the Chinese partners.

The differences of guanxi between the Chinese and the Scandinavians

There are different perceptions towards guanxi between the Chinese and the Scandinavians as shown in table 2.1. In China, the people with whom one has guanxi help to define an individual’s status (Vanhonacker, 2004). The Chinese are proud of having many strong and favourable personal relationships, which can reflect the personal values and maintain “face” in front of the others (Worm, 1997, p. 128). Meanwhile, they use guanxi to control systems and create harmony; the deals mostly grow out of interpersonal guanxi. Thus, the cultivation of guanxi is an integral part of doing business in China. While business in Scandinavia mostly relies on the Commercial and Contract Law System as a standard manner, to ensure that the firms honour their obligations, which means the relationships (especially intra-organizational ones) are developed because of the deal (Vanhonacker, 2004).

Moreover, friendship in China implicitly implies that one uses another's or both use each other's guanxi to achieve the desired objectivities (Pye, 1982). They do not see the use of guanxi (to create an obligation of doing the favour later) as a breach from the social norms, justice or fair treatment, but instead think that the guanxi ease the social tensions between the Confucian requirements and antisocial attitudes (Vanhonacker, 2004). However, such a practice is considered as unethical in terms of the Scandinavian morality (Redding, 1990).

China	Scandinavian countries
Pervasiveness and common sense	
High degree of reciprocity & utilitarianism. Ethical	Egalitarian principle, unethical
The deal grows out of the interpersonal guanxi	Intra-organizational guanxi grows out of the deal
Transferable	Non-transferable
Flexible manner, guanxi helps to define status	Standard manner (Commercial & Contract Law System)

Table 2.1 Different views on guanxi between China and Scandinavian countries

(Worm, 1997; Vanhonacker, 2004)

2.2.2 The most important factors of Chinese culture

According to Luthans (2009, p. 96), a culture is acquired knowledge that people use to interpret experience and generate behaviour. This knowledge forms values, creates attitudes and influences behaviour. Butterfield (1982) also points out that the Chinese views the relationship, face and communication styles that are interdependent with each other. Seizing the essential face and communication styles can assist in building guanxi to some extent. In addition, Hofstede and Bond's (1984) research found that the national culture has a significant impact on the employees' organizational performance, as the cultures that the employees bring with them to the workplace are not easily changed by the organization. This chapter will thus introduce the Chinese national culture, and also describe the prominent Chinese culture such as face, the communication styles and yinyang approach.

Chinese national culture

According to Hofstede (2012) (table 0.3), China is a country of high power distance, collectivism, masculinity, lower uncertainty avoidance and long-term orientation. Higher power distance implies that power is distributed unequally, people accept the hierarchy and inequality, and they also respect the authority and seniority. Collectivism prefers a tight-knit social framework, and people are loyal to their family, group and clan. Individuals are we-centred with low individual autonomy. Masculinity focuses on performance: winner takes all (this is also reflected in women), and there is a preference for achievement, assertiveness and material success with maximum gender differentiation. Moreover, lower uncertainty avoidance allows the future to happen naturally, and practice is more important than codes or beliefs. Long-term orientation respects the long and social traditions regardless of the costs, while the people are patiently waiting for the results, and contribute to the high saving rate (Hofstede & Bond, 1984).

As Trompenaars (1994) points out, China consists of such characteristics as ascription, communism, particularism, diffuse, neutral, synchronous time and external locus of control. The first three dimensions are similar to Hofstede's higher power distance, collectivism and lower uncertainty avoidance. Diffuse stands for an overlap between work and private life, and people spend their free time with colleagues and clients to cultivate guanxi. Neutral culture puts a great effort to controlling and hiding their emotions, and people do not reveal what they are thinking or how they are feeling. People see the past, present, and future as interwoven periods in synchronous time; they often work on several projects at once, and view plans and commitments as flexible. External locus of control believes the nature and surrounding environment do control people, and that they must work with the environment to achieve their goals.

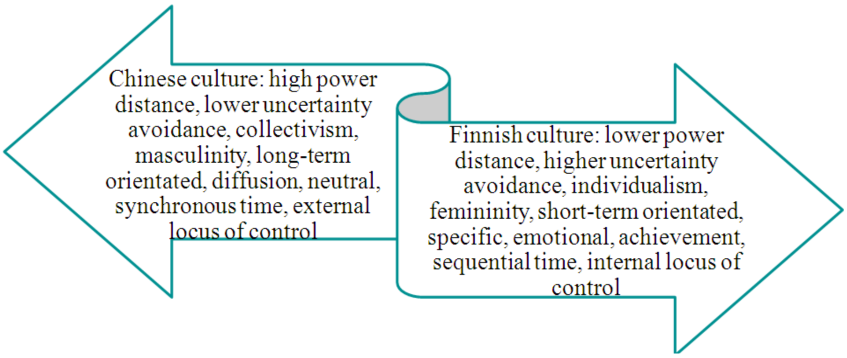

Figure 2.4 Chinese and Finnish culture differences

(Hofstede, 1984; Trompenaars, 1994)

On the other hand, according to Hofstede and Bond (1984), in addition to Trompenaars (1994), Finnish culture (see Fig. 2.4) is located in another side of the scale. It emphasizes a relatively lower power distance and strives for equality. The Finns are characterized by rule-focused and have a higher avoidance for uncertainty, and they are more self-centred in terms of individualism, and their femininity society emphasizes the quality of life. Finnish traditions are adapted to the present time in terms of the short-term orientation, and the work and personal lives are specifically separated from each other. Furthermore, the Finns express their emotions more openly, their performance values achievement, and their concept of time is sequential. Thus, in order to solve the potential conflicts and to gain a better understanding between a Chinese and a Finn, an in-depth cultural training is required from both parties.

Face in guanxi building

Face is a universal concern, since everyone expects others to acknowledge their actions, which contributes to self-esteem. However, it is an extremely prominent phenomenon in China. Face is a ritualized way of showing and receiving respect over time, and together with favour, represents a social capital or resource that forms guanxi (Kwang, 1987). Face can be translated into “mianzi” and “lian” in Chinese. The philosophical concept of face embeds the Confucian moral notion of shame, honour and virtue (Faure & Fang, 2008) to control one’s real emotions and avoid conflict (Chen, 1994).

Mianzi is literally translated as surface. It concerns one’s reputation based on his/her social position and prestige, which is particularly salient in the hierarchical collectivism culture (Lin, 1939; Hu, 1944; & Bond, 1991). Lian is the ethical and social aspect of one's personal behaviour, which means the one must behave as a decent human being. It is rarely mentioned in the commercial transactions, but lian has much deeper ethical meanings than mianzi, and can refer to gain and lose depending on the intensity of ethical conduct or proper behaviour. If lost, lian is difficult to restore, unlike the much more transferable mianzi.

Furthermore, any talk of saving or losing face implies the presence of a second party; face is thus both interpersonal and social phenomenon (Worm, 1997). It also reflects one's in-group image with moral connotations (Hu, 1944), and mirrors hierarchical guanxi. Mianzi can be overdrawn if one does not give as much mianzi as one receives. In general, to maintain the balance, the Chinese are willing to compromise and let everyone appear to be the winner in a given situation (De Mente, 1989).

The different of face between the Chinese & Scandinavians

Individuals with a strong sense of externalization generally characterize a collective culture, so their locus of control is external and refers to a shame-culture, which is particularly salient in China. One feels shame if he/she infringes the social rules and others get to know about it. However, the infringement itself is not what causes the shame, but the fact is that the others know about it, which is different than the individualistic guilt-culture that is common in Scandinavian countries. Guilt is something that an individual feels and it does not have a direct connection to the surroundings, so one can feel guilt even if the others do not know about it (Worm, 1997).

Thus, losing face in China means that one is ashamed of the others' perception of oneself. One's immediate and even extended families, in addition to the social environment strongly influence the individual's behaviour. However, in an individualist culture, face is used to achieve self-esteem based on the individual's own actions rather than his/her family members (table 2.2) (Worm, 1997).

Face	China	Scandinavian countries
Mianzi	The respect for others (important)-shame culture	Shame (less important)
Lian	Self-esteem (important)	Guilt (important)

Table 2.2 Different concepts of face between China and Scandinavian countries

(Worm, 1997)

Must avoid losing face in China

The Redding and NY's study (1983) shows that 98% of Chinese managers claimed losing face results in a sense of shame, apprehension, anxiety and tension, while only the minority expressed physiological effects, such as loss of appetite (33%) and insomnia (21%). On the other hand, gaining face does result in satisfaction, pride and confidence at the psychological level. The sense of shame supports reciprocal guanxi, where one pays close attention to his/her own social connections, which is why shame enhances one's sensitivity to keep the commitments that contribute to the building of guanxi.

In China, losing face is a taboo that should be avoided at all costs. The Chinese are reluctant to refuse anything openly, or to say something that the listeners may not wish to hear. Thus, in order to prevent conflicts, people often make an insincere compromise to maintain the guanxi. The fear of losing their own faces or causing others to lose face tends to make the Chinese sustain a superficial harmony in their interpersonal relationships (Tan, 2010). Worm (1997) also states that the Chinese are incredibly experienced in distinguishing between manners and essences, and they always bear face-saving in their minds.

The Chinese communication styles in guanxi building

According to Hall (1959), communication can manifest a culture. Face and guanxi, serve as the so-called invisible knife, which kills the genuine feelings and often results in an indirect and high-context Chinese communication style (Fang, 1999, p. 150). The said style is implicit, listening-centred, insider-focused, polite and face-directed (Gao &Ting-Toomey, 1998).

To put it specifically, Chinese culture encourages listening rather than speaking. There are conditions associated with speaking, during which not everyone is entitled to talk. The spoken voice is connected to authority, seniority, age, knowledge, experience and expertise (Gao & Ting-Toomey, 1998, p. 42). Since the type of guanxi decides an "insider" or "outsider", and also determines what is communicated and how information is transmitted (Gao, Ting-Toomey, & Gudykunst, 1996, p. 288). The Chinese tend to be highly involved in the conversation with someone they know as insiders, but rarely speak to strangers who are perceived as outsiders (Gao& Ting-Toomey, 1998, p. 50).

Polite and face-oriented communication is a basic Chinese principle, which embodies the Chinese values of modesty and humbleness. It is applied differently to insiders and outsiders (Gao & Ting-Toomey, 1998, p. 47). The social harmony is achieved through controlling emotions and appearing humble; avoiding conflict while hiding competition. The suggestiveness rather than straightforwardness is perceived as good manners, allowing the others to save their face and maintain the guanxi (Faure & Fang, 2008, p. 198).

On the other hand, the Finnish style of communication is more inclined towards an explicit low-context. The Finns talk everything out directly and explicitly (Hall, 1990). According to Venetjoki et al. (2011), Chinese customers sometimes perceive Metso as "arrogant". Thus, Metso expatriates should adopt a modest and humble attitude in order to respect and socialize with their Chinese partners, and to dig into the implicit hidden text with their Chinese colleagues. For the Chinese, an implicit refusal such as "maybe", "perhaps" or "later", might mean that the proposed action will happen after a particular long time, if ever. Furthermore, Metso needs to pay special attention to the communication formality, such as where it takes place, what are the titles and authorities of the participants, and how they should response to the existing problem. If Metso can establish an "insider" guanxi with their Chinese partners, it will be a competitive advantage for the company.

Yinyang 阴阳

A Chinese philosophy views all universal phenomena as being created by dual cosmic energies called yin and yang. Yin stands for female energy as the moon, and includes such elements as water, darkness, passivity and femininity. Yang, on the other hand, represents male energy, and such things as the sun, fire, light, activity and masculinity. The image of yinyang (Fig. 2.5) suggests that there is no absolute borderline between black (yin) and white (yang). A dot of black (yin) exists in the white (yang) and a dot of white (yang) also exists in the black (yin). Yinyang offers a holistic and paradoxical worldview (Faure & Fang, 2008).

Figure 2.5 Yinyang

Numerous Chinese concepts are made of two paradoxical sub concepts. For instance, the word "crisis" is called "weiji" 危机, "wei" means danger and "ji" means opportunity. It also explains many Chinese concepts and practices that look inconsistent, weird and puzzling to the Westerners, for example "one country, two systems 一国两制", "socialist market economy 社会主义市场经济" "stability and development 稳定发展" (Faure & Fang, 2008).

China as a "malleable and tenacious bloc" has a great flexibility of assimilation, adaptation and capacities of learning from the externals during the globalization (Teilhard de Chardin, 1956). "Changes" here does not imply that China's traditional value system is being replaced by a new value system, but the paradoxical propensities coexist in the cultural transformation (Naylor, 1996). For example, guanxi versus professionalism, face versus self-expression and directness, thrift versus materialism and ostentatious consumption, family and group orientation versus individualism, aversion to law versus respect for legal practices, in addition to traditional creeds versus modern approaches etc. (Faure & Fang, 2008).

2.2.3 Guanxi's role in selecting a supplier in China

Suitable supplier selection is one of the key issues that affect the competitiveness of a product. A right supplier selection significantly reduces the purchasing costs and improves corporate competitiveness (Hoyer & Maclnnis, 2010). In order to explore which kind role guanxi plays in selecting a supplier, it is necessary to know who are involved in the DMU (decision-making unit), in addition to some other major influencing factors.

Hoyer and Maclnnis (2010) suggest that the organizational purchasing decision is typically made by the buying Centre or DMU. Normally, it involves users, influencers, buyers, decision-makers and gatekeepers. Users are the people who will ultimately use the product or service. Influencers affect the decision-making by providing information or criteria for alternative evaluation. Buyers or purchasers are the actual buyers with the formal authority to order from the suppliers. Decision-makers are those with the authority to approve purchases. Gatekeepers can control and/or prevent the flow of information to others within the buying organizations etc. Thus, it is primarily important for Metso to get familiar with the customers' DMU, trying to find out the common interests (particularly the decision-makers and influencers), and overall group dynamics to gain the customers' preferences in decision-making.

There are many factors that influence a DMU in making a purchasing decision. In a rough economy, customers emphasize the lowest price, best product and most effective service, and those factors are mostly connected to economic influence. However, nowadays the business buyers actually respond to both economic and personal factors by being more humane and social (Kotler & Armstrong, 2012, p. 197).

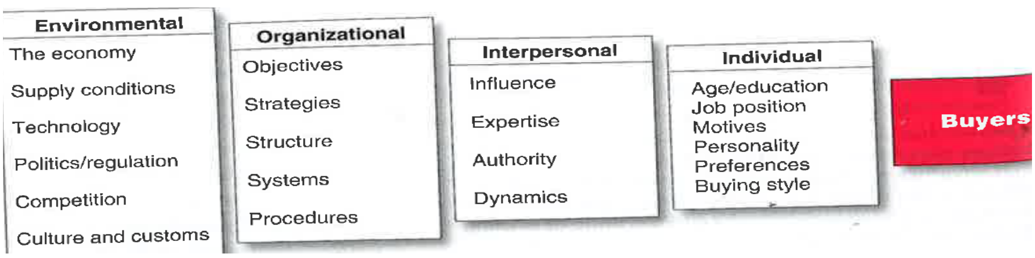

Figure 2.6 Decion-making influencing factors in DMU

(Kotler & Armstrong, 2012)

In the context of supply chain management, Lee and Humphreys (2007) found that guanxi has significant influence on strategic purchasing, supplier development and outsourcing. Moreover, Liu et al. (2008) states that guanxi has a moderating effect on a buyer's competence trust of a supplier, which reduces the perceived relational risk. Zhao et al (2006) demonstrated that the supplier's normative relationship commitment has positive effects on supplier integration. Restricted by guanxi, the managers may select their supplier or clients on the basis of reciprocity, rather than on rational economic criteria (Guthrie, 1998, p. 181). In some situations, guanxi is even more important than other criteria (IEEE, 2004).

In addition, according to Kotler and Armstrong (2012, p. 198), when suppliers' offers are very similar, customers have little basis for strictly rational choices, since they can meet the organizational goals with any suppliers, and can allow the personal factors to play a large role in their decision-making. Guanxi is thus a crucial factor in this sense. However, when competing products differ greatly, customers are more accountable for their choices and tend to pay more attention to the economic factors. Lin and Purchase (2005) found that quality is the most important attribute in the Chinese supplier selection; guanxi was found to be insignificant. Venetjoki et al (2011) argue that price becomes less important when there is a solid foundation of guanxi. Thus, this paper is expected to explore how important guanxi is for a Chinese papermaker when choosing a supplier.

2.2.4 Customer reference marketing

According to Salminen and Möller (2006), customer reference marketing is one of the company's marketing activities, and it leverages the existing customers and value delivered to them to generate credibility and visibility. Reference marketing sometimes overlaps with "customer evidence marketing". Harnessing the loyal customers as part of the sales and marketing team has increasingly become a driver of many marketing and sales efforts, and is particularly important in the engineer-to-order project business.

The nature of customer reference marketing

The customer-based view of strategy and company growth stresses the high relevance of existing customer relationships and accumulated experience to achieve the company's performance (Zander & Zander, 2005). Customer reference marketing can be categorized as external and internal use of the references. In the formal case, the supplier sends the references to potential buyers and stakeholders (Salminen & Möller, 2006), and it is at a relationship level (Salminen, 1999). Relationships with large and prestigious customers may have particularly high reference value to an industrial supplier (Jalkala & Salminen, 2010). In addition, the supplier also uses the customer references internally through various practices, which includes such things as internal success story, internal training, reference solutions, reference projects and reference deliveries etc (Salminen, 1999).

According to the transferable network theory (Stuart, Hoang, & Hybels, 1999), the relationships implicitly transfer the status between the involved parties. A track record of reputable customers in the reference lists may provide substantial value through status transfer. Relationships with prestigious reference customers are status enhancing, as they can improve the reputation of the supplier through status-transfer mechanisms. Those mechanisms can be traced back to the social exchanging theory (Blau, 1964), in terms of how the actors' reputations are partly constructed from the identities they associate with.

Stuart et al. (1999) also point out that a relationship has reciprocal influence on the reputation of actors. The evaluative capabilities of well-known organizations are perceived to be strong, and the presumption is they will evaluate their supplier thoroughly. Relationship with prominent organizations signifies reliability, which is particularly important for young companies. Hence, customer reference marketing sends a positive status-enhancing signal when the supplier is perceived as having a relationship with a reputable customer and vice versa.

It has been noted in previous research that the industry context and the business environment may determine the importance of various marketing assets (Hooley et al., 2005). When the perceived risk and uncertainty is high, potential customers and other stakeholders such as investors make quality judgement through careful consideration of the previous accomplishments of an organization (Stuart et al., 1997).

Therefore, companies selling complex solutions to industrial buyers and government institutions need to increase their credibility through customer reference (Veres, 2009). Customer references have long played an important role in the area of process technology in the form of reference visits to existing customers' sites and reference lists accompanying the offering (Jalkala & Salminen, 2010).

Customer references as marketing assets

According to Grant's (1991) resource-based theory, a company's resources are the basis for building competitive advantage, which is gained either by having more resources than the competitors and/or utilizing them better. From this perspective, customer references could be considered as part of the firm's customer-based assets, which are accumulated through the relationships the firm has built with its customers, and are often regarded as the most important types of marketing assets. Other customer-based assets include brand names, brand equity, customer equity, customer loyalty and current market position (Hooley et al., 2005).

Customer references as assets are closely related to other intangible assets, which contribute to building an industrial brand (Blombäck & Axelsson, 2007), and also affect the firm's reputation and credibility (Salminen & Möller, 2006). The existing portfolio of customer references is also a strong indicator of the supplier's market position, and may help in developing new customer relationships and building customer equity (Rust et al., 2004).

Moreover, WOM (word-of-mouth) is often important in terms of informal information exchange inside a collectivistic nation, such as China. A credible reference will most likely affect the DMU's positive attitude towards an offering (Herr, Kardes, & Kim, 1991). According to Naylor and Kleiser (2000), the positive WOM will lead to satisfaction and loyalty to some extent, while as the negative WOM spreads even faster. Thus, to gain the positive WOM among the Chinese papermakers, the new Opti not only needs to capture the customer benefits, but also needs to improve the entire project lifecycle and service coverage.

2.2.5 CRM

Reichheld (1996) states that acquiring new customers can cost five times more than the cost involved in satisfying and retaining current customers. It requires a great deal of efforts to include satisfied customers to switch away from their current suppliers, and the customer profit rate tends to increase over the life of the retained customers. Hence, forming a strong customer bonds will be a competitive advantage for a firm.

Metso's sales are mostly aligned with Rackham's SPIN selling methodology (1988) (Fig. 0.7). The methodology is used through the in-depth conversations with customers by asking them about the situation, problem, implication and necessary needs-payoff questions, which can help Metso to explore the customer's needs and expectations. Metso should always bear in mind that it is important to try to think and see the situation from a customer's perspective, and to use the proper customer language and terminology, be honest with the product shortcomings and so on.

Customer relationship management is the process of managing detailed information about individual customers and carefully managing all customers' touch points to maximize customer loyalty (Kotler & Philip, 2006, p. 152). A customer touch point is any occasion during which a customer encounters the brand and product, ranging from actual experience to personal or mass communication, and to causal observation (Aufreiter, Elizinga, & Gordon, 2003).

CRM system is the information on customer involvement, long-term partnership, and joint problem solving and technology specifications. It provides a structure for how the relationship with a customer is developed and maintained in the business context. It is a cross-functional, value-creating process for the buyers and sellers to achieve the superior financial performance (Lambert, 2010). Customer-centric organizations focus on delivering value to customers, possibly built on a product to match or even to exceed customers' expectations by training customers or adapting the offerings to customers' expectations. In addition, all of the aforementioned should be embedded into the corporate strategy and organizational culture (Aufreiter et al., 2003).

Moreover, Metso's CRM should put more effort into developing Buttle's (2004) five primary stages. The first stage is the customer portfolio analysis, which identifies the actual and potential customers to serve in the future. The second stage, customer intimacy, explores the profile, history, expectations and preferences of these customers. The third stage refers to the development of the network, for the purpose of managing the relationships with the individuals and organizations that contribute to the value creation of the chosen customers. The fourth stage, called proposition development, identifies the sources of value that meet and even exceeds the customers' expectations. The fifth stage refers to the management of the customer life cycle by focusing on the processes of customer acquisition, retention and development; and on structural questions about how the firm is organized.

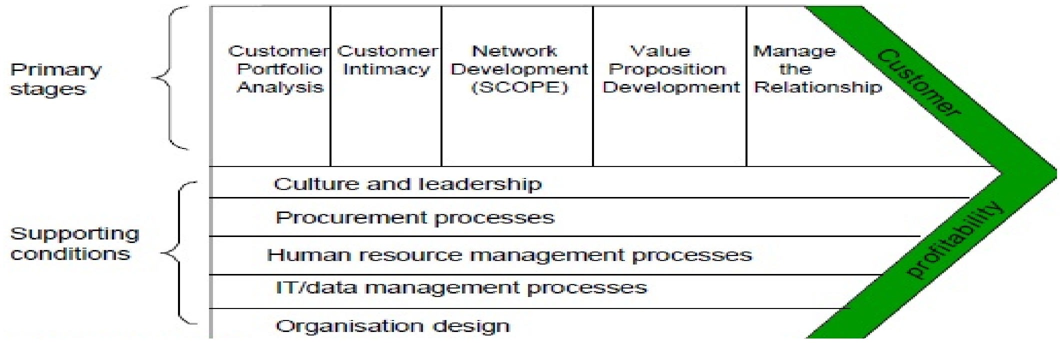

Figure 2.7 The CRM value chain

(Buttle, 2004)

It is worth mentioning that CRM is connected to the fast pace of changes (Buttle, 2004). For example, increased globalization, quick product obsolescence, ever-changing customer demand and rapid technology innovation require a continuous follow-up updates in terms of customer database. SDL in chapter 2.3 also provides a lens for Metso to cooperate with the downstream and upstream ecosystem partners to deliver value to the marketplace.

Customer-centric marketing

Marketing has shifted from an "arms length" short-term goal of a single market transaction (material or economic exchange) towards seeking a long-term relationship with the target customers (Tadajewski & Saren, 2009). Ellis (2011) describes how the uniqueness and low frequency of a project makes it difficult to maintain a direct relationship with a customer. The project marketing traditionally emphasizes on project portfolio rather than customer portfolio.

However, a customer is the only reason for the business to exist. CRM and customer lifetime value require a strategic shift from product-centric to customer-centric marketing. It requires the supplier to understand the customer, and to customize and deliver one-to-one messages to the target customers during the entire customer experience. Meanwhile, the social contact between individuals and the organizations allows the supplier to detect or create future projects to some extent (Cova et al., 2002, p. 103). Customer-centric relationship marketing can thus create relationship-related sales (Cutler, 2005).

Ramani and Kumar (2008) point out the customer-centric relationship approach serves as a portfolio of customers through interaction. For example, making customized solutions, efficiently responding to the customer needs, encouraging interactions among the customers, and stimulating customer feedback makes such an approach implementation-oriented.

Metso in China mainly involves such participants as its customers, Metso employees, installation companies, civil workers, suppliers, subcontractors, local Chinese authorities and institutions in a vertical and horizontal supply/demand value chain (Metso, 2012). Referring to the theory of transferable relationship, it is suggested that Metso needs to pay a special attention to the aforementioned stakeholders' interests in order to improve their experiences with Metso. Such experiences to some extent indirectly generate the preferred guanxi.

2.2.6 Implication for Metso

To sum up, Chinese and Finnish cultures are located on the two different sides of a scale (Hofstede & Bond, 1984; Trompenaars, 1994). Luo (2007) states that guanxi is interactive, intangible, transferable, complex, dynamic and contextual. In China, face permeates all interpersonal communication and the Chinese communication is inclined towards an implicit, listener-centred, insider-focus, polite and face-oriented high context (Gao et al., 1996).

Therefore, it requires in-depth culture training for both parties to keep the "scale" in balance. It is recommended for Metso to adapt a "Chinese way" of thinking and reacting. In order to cultivate a favourable guanxi, Metso needs always bear in mind that the importance of maintaining and saving the other party's face; being turn down by a Chinese should not let one give up; payment for service is not discussed among friends in China; utilizing the current network to cultivate new ones; and preparing in advance for a verbal and informal agreement that might occur before business negotiation (Worm, 1997, p. 145).

There are many factors that can influence an organizational buying behaviour. Previous studies present various findings in terms of guanxi's influence in selecting a supplier in China. This study is expected to explore how guanxi affects selecting a supplier. Since guanxi is a prominent phenomenon that is embedded in almost all social activities (Luo, 2001), the transferable relationship and resource-based theories indicate a positive effect in terms of leveraging the reputable customers for a company.

In addition, it is suggested that Metso's CoMPass CRM should make a list of guanxi needs and targets in a short and long-term, and to identify the key persons with whom Metso wants to build guanxi in a broader time horizon. Meanwhile, it is necessary to find out the key persons' common personal and business interests, and then select an appropriate signal to signify to the defined target (status is very important here), such as the top managers' banquets and site visits. It is wise for Metso to implicitly wave the instrumental objectives by the use of the ethical and aesthetic values of proper guanxi (Vanhonacker, 2004).

According to Ellis (2011, pp. 69-72), once guanxi is established, maintaining its continuality with a sincere care becomes more important. Metso needs to adopt a long-term perspective, be trustworthy, show commitment, facilitate communication, guarantee for service quality and ensure mutual benefits. Metso can also integrate its former expatriates into a Chinese advisory body to cope with the frequent expatriate rotation in order to maintain a sustainable guanxi with their familiarized business partners.

2.3 The Customer-Oriented SDL Methodology

Services comprised 44% of Metso's net sales in 2012 and had increased 11% in comparison to 2011. Metso's "five strategic must-wins" also advocate service growth (Metso, 2013). According to Lusch and Vargo (2006), the traditional division between goods and services is outdated nowadays, and the customer-oriented SDL has evolved to a new dominant logic for marketing, since customers do not buy goods or services, but they buy goods that render services and create values.

Services refer to the application of specified competences (knowledge and skills) through deeds, processes, and performances for the benefit of oneself or another entity, and it is intangible, inseparable, heterogeneous and perishable. This chapter will first describe the nine FPs (foundational premises) of SDL, and then move on to some suggestions of how Metso can compete by using SDL.

2.3.1 Nine foundational premises of SDL

The marketing evolution moves from GDL (goods-dominant logic) view, where the tangible outputs and discrete transactions were central, to SDL where intangibility, exchange processes and relationships are central. SDL refers to the dialogical and collaborative work with the customers in process, and it focuses on value in-use rather than value in-exchange (Vargo, 2008).

In order to have a better understanding of GDL and SDL, it is necessary to know the difference between operand and operant resource. Lusch and Vargo (2004) describe the operand resource as mostly static and usually tangible. It means that the resources must be acted upon to be useful, such as technological, legal, physical, and social external environment factors. Operant resources, on the other hand, are the competences that are capable of acting and producing effects in other operand or operant resources. SDL views the operand resource as an application of the dynamic and intangible operant resource that the firm can draw upon for support by overcoming resistance and co-creating proactively among these ecosystems, and transforming from "to market" and "market to" to "market with the customers". This shift of focus towards services is a shift from the means and producer's perspective towards utilization and customer's perspective (Gummesson, 1995, pp. 250-251).

In short, activities render services, and things render services. The SDL is grounded in the nine foundational premises. FP1: the application of specialized skills and knowledge is the fundamental unit of exchange. FP2: indirect exchange masks the fundamental unit of exchange. FP3: goods are distribution mechanisms for service provision. FP4: knowledge is the fundamental source of the competitive advantage. FP5: all economies are service economies. PF6: the customer is always a value co-creator. FP7: the enterprise can only make value propositions. FP8: a service-centred view is customer oriented and relational. FP9: organizations exist to integrate and transform micro-specialized competences into complex services that are demanded in the marketplace (Vargo & Lusch, 2004; 2006).

Foundational premise	Rationale
FP1. The application of specialized skills and knowledge is the fundamental unit of exchange	Service – applied knowledge for another party's benefit – is exchanged for service
FP2. Indirect exchange masks the fundamental unit of exchange	Micro-specialization, organizations, networks, goods, and money obscure the service-for-service nature of exchange
FP3. Goods are distribution mechanisms for service provision	"Activities render service; things render service" (Gummesson 1995)—goods are appliances
FP4. Knowledge is the fundamental source of competitive advantage	Operant resources, especially "know-how," are the essential component of differentiation
FP5. All economies are service economies	Service is only now becoming more *apparent* with increased specializatior and outsourcing; it has always been what is exchanged
FP6. The customer is always a co-creator of value	There is no value until an offering is used—experience and perception are essential to value determination.
FP7. The enterprise can only make value propositions	Since value is always co-created with and determined by the customer (value-in-use), it cannot be embedded in the manufacturing process
FP8. A service-centered view is customer oriented and relational	Operant resources being used for the benefit of the customer inherently places the customer in the center of value creation and therefore implies relationship
FP9. Organizations exist to integrate and transform micro-specialized competences into complex services that are demanded in the marketplace	The organization exist to serve society and themselves through the integration and application of resources

Source: FP1–FP8, Vargo and Lusch (2004); FP9, Vargo and Lusch (2006).

Figure 2.8 Summary and rationale the FPs of SDL

(Vargo & Lusch, 2004; 2006)

Therefore, SDL views customer as an operant resource and a collaborative partner who co-creates value with the firm and promotes a "market with" philosophy (Lusch & Vargo, 2004). Collaboration between the firms (relevant partners) and the customers allows for a strategic orientation that informs the more tactical "Four P's". Products are viewed as the service flows, in which the service is provided directly or indirectly through an object; promotion is re-orientated toward conversation and dialogue with the customers; price is replaced with a value proposition created by both sides of the exchange; and place is supplanted with the value networks and processes (Lusch & Vargo, 2006).

Furthermore, the concept of SDL is more than merely adding value to a product and it is a continuous learning process. This view is grounded in and largely consistent with the resource-advantage theory (Hunt, 2000) and core competence theory (Day, 1994). The core competences are not physical assets but intangible processes.

2.3.2 Applying SDL as a competitive advantage for Metso

Lusch et al. (2007) propose that a firm's competitive advantage can be enhanced through service. Services play a significant role in Metso's business, so competing by using SDL provides a good opportunity for Metso to develop its business. Moreover, Lusch et al. (2007) also state that the competitive advantage is how a firm applies its operant resources to meet the customers' needs through collaborative innovation with its value network partners. As FP4 indicates, the only true source of sustainable competitive advantage is knowledge, which is the operant resource that makes the service possible. Neither services nor goods per se are the primary source of sustainable competitive advantage.

Hunt (2000) also suggests that the collaborative competency, coupled with improved absorptive and adaptive competence, can reduce the relative resource cost and enhance the value proposition for the firm. In addition, Shostack (1987, p. 35) argues that the customer service problems are not the fault of the customer service department, but is deeply rooted in a more general process failure. Hence, Lovelock and Wirtz (2011) point out that service must be viewed as interdependent, interactive systems, not as disconnected pieces and parts. The service employees are crucially important for Metso, and Metso make it easy for the customer to give feedback and handle their complaints effectively, and to set a clear standard of guarantee to lower the perceived risk.

According to Lusch et al. (2007), Metso also needs to understand how its customers uniquely integrate and experience service-related resources (both private and public), since providing service co-creation opportunities and resources consistent with the customer's desired level of involvement can lead to improved competitive advantage through enhanced customer experience. Metso should also try to leverage its supply/demand value network members as the prime integrators, and treat the internal employees as an operant resource by empowering them in order to co-create value with the customers, all of which requires a trusted, open and solid interaction inside Metso.

Moreover, according to Lusch and Vargo (2006), SDL advocates a customer-centric and market-driven marketing strategy. The strategy emphasizes collaborating with and learning from the customers and being adaptive to their individual and dynamic needs. It implies that the value is defined by and co-created with the customer rather than embedded in the output. The successful firms move from implementing the “marketing-and-selling” strategy towards the “sense-and-response” tacit direction (Haeckel, 1999). Firms are in a process of continual hypothesis generation and testing. Since the firms try to serve their customers better and to improve their performances, the results are sometimes not to be maximized but to be learned from (Lusch & Vargo, 2006).

The applied knowledge and collaboration are the key drivers for firms to successfully compete through service. To accomplish this, the firm must view external environment, customers and partners as operant resources to co-create value with (Lusch et al., 2007).

Value co-creation

The firm only provides value propositions (Lusch & Vargo, 2006), and the customer determines and co-creates value with the firm. Service encounter includes all activities involved in the service delivery process and co-creation of value, and it is the moment of truth in terms of interacting together (firm and buyer) to achieve customer satisfaction (Bitner, Ostrom, & Morgan, 2007). User involvement in the development of a new product may offer a novel approach to improved methods of meeting the customers' needs. These customers are considered to offer possibilities for generating original, valuable and realizable ideas leading to successful innovation (Kristensson, Gustafsson, & Archer, 2004).

Moreover, the continued ascendance of information technology and the decreasing costs in communication and computation, which facilitate the service integration function within a firm and across the entire value-creation network, also provides a network partners' collaboration innovation to co-create value together in terms of co-creation and co-production. This process closely linked to value-in-use and highly related to the customer experience (Shaun & Wheeler, 2002), and also incorporated as a key element of perceived value in the quality-value-loyalty model chain (Parasuraman & Grewal, 2000).

According to Kristensson et al (2004), the ordinary users create significantly more original and valuable ideas than professional developers and advanced users. While the users from the latter two groups created more easily realizable ideas. The ordinary users created the most valuable ideas.

Goods may be instrumental in relationships, but they are not active participants; inanimate items of exchange cannot have relationships (Lusch & Vargo, 2004). The uncontrollable external environment resources are instrumental to value creation. Hence, a customer is the primary integrator of these resources in creating value through service experiences that are interwoven with life experience to enhance quality of life (Lusch et al., 2007).

According to Jaworski and Kohli (2006), bringing the customer to the centre of value creation is different from the common approach of the firm trying to learn about the customer's existing needs. They suggest that the firm and customers can both learn from each other's needs and wants, and can then figure out together that the developed (performed) part by the firm and the customers in order to co-create value for both parties. It is worth mentioning that co-creation must rely on an open dialogue between the firm and the customer.

In order to best fulfilling the customers' needs, Opti rebranding is expected to hear the customers' voices and insights, allowing Metso to adjust some features and attributes accordingly (Metso Internal, 2013). It should be pointed out that Metso has not fully adapted the value co-creation mindset yet. Opti rebranding has utilized asking, listening, observing and learning from the customers, but is lacking in terms of cooperative designing and experimenting. Metso still has some gap with the value co-creation concept, in order to jointly decide which part of the production process each party will participate in, and which kind of designing or configuration an offering will produce.

Furthermore, the service mindset in China is still immature and payment for service between friends is rarely discussed (Worm, 1997, p. 145). Nevertheless, the SDL evolves into a new dominant methodology as a part of megatrend (Lusch et al., 2007). The Chinese show a great openness and willingness to adjust and make changes with fast adaption and learning capacities (Faure & Fang, 2008). SDL will most likely have a great potential for developing in China in long run. Hence, it is suggested for Metso to integrate the customer-oriented SDL with the customer-centric marketing, SPIN selling, CoMPass CRM system and the new product R&D, in order to utilize the operant resources in the supply/demand value chains to co-create value together with its various stakeholders, particularly customers, and to gain competitive advantage.

2.4 Literature Summary

In order to provide a theory-based rebranding strategy for the new Opti, this paper first introduced the job-to-be-done theory. It is important for Metso to find out the Chinese papermakers' desired outcomes and their various jobs needed-to-be-done, in addition to find solutions that are needed to overcome the possible constraints. Moreover, by integrating those jobs and desired outcomes with the customer value hierarchy, it is necessary for Opti to apply the customers' core, general and expected needs with the augmented and potential needs. After that, Metso's SWOT analysis should be combined with the POPs, PODs and POIs of the renewed Opti for double-checking. Then, the reposition of Opti will be based on POPs and PODs, removing or developing POIs simultaneously. The brand equity building blocks also shed a light for Metso to build a strong and favourable CBBE for the new Opti.

In order to efficiently rebrand Opti and to gain more sales in the Chinese market, it is necessary for Metso to know which factors influence the Chinese papermakers' selecting a supplier. This study is expected to find out some answers to these questions. In addition, guanxi is deeply rooted in the Chinese culture and penetrates almost all the social activities (Worm, 1997). Other dimensions embedded in the same culture are interdependent, interrelated and affected by each other (Morutan, 2009). Hence, the prominent concept of Chinese face, shame-related loss of face, and the implicit, listener-centred, insider-focused, polite and face-oriented high context communication styles, along with Sino-Western culture coexist in contemporary China. Those factors affect the Chinese behaviour to some extent. In addition, this study also intends to explore how guanxi affect the way the Chinese papermakers select their suppliers.

Moreover, customer reference marketing is one of the sub-branches of relationship marketing activities (Jalkala & Salminen, 2010), and plays an increasingly important role in B2B marketing in terms of reducing perceived high risk and uncertainty, while also gaining reliability and visibility. Metso has a large installed paper mills in China (Metso, 2012), and leveraging some influential representative papermakers in certain market segments will most likely play an exemplary role and can also lead to the new projects (Rust et al., 2004). It can also help Metso to create a customer experience-based CRM system, and to deliver a customized solution in time to retain the referenced customers and gain their loyalty (Keller, 2008).

Furthermore, Lusch et al. (2007) propose that the customer-oriented SDL evolves into a new dominant logic for marketing, management, and R&D. Collaborative competence is a primary determinant of a firm to acquire the knowledge for competitive advantage. Firms that treat employees as operant resources will be able to develop more innovative knowledge and skills, and gain the competitive advantage by engaging the customers and value network partners in co-creation and co-production activities. Therefore, it is wise for Metso to adapt this methodology and to be the first-mover in PM business to gain this competitive advantage.

3. Research Methods

Every research approach has its strong points and drawbacks. The choice of a research method depends on the research interests, the circumstances and settings, and the people to be studied, in addition to the practical constraints (Mason, 2002). In order to effectively assist Metso in promoting its new Opti in the Chinese market, this study seeks to explore how the Chinese papermakers perceive Metso's Opti rebranding, and what influence them when choosing a supplier. Therefore, the research methods applied to this paper are the qualitative interviewing as the main method, in addition to participant observation as an instrumental tool. The following chapter will elaborate on the reasons why the aforementioned research methods were conducted. It will also describe how the new field study was carried out in practice.

3.1.1 Qualitative interviewing and participant observation

The purpose of this research was clearly defined by Metso: how the Chinese customers perceive Opti rebranding and how guanxi affects the way they select a supplier. According to Ellis (2011), there are many factors that can influence the people's perceptions and their supplier selections, such as the price and quality of the products, in addition to the buyer's purchasing power, and previous experiences and relationship with Metso etc. In order to better respond to the research questions, it is important for Metso to find out the Chinese papermakers' real needs, their consideration set of the supplier selection, in addition to the most-desired marketing stimuli, the perceptions of Metso's current Opti, Sym and Val brands, and their attitudes towards Opti rebranding etc. Since quantitative data is numerical and typically objective (Patton, 1996), it is not suitable for this particular study.

The research areas mentioned above are relatively descriptive and subjective, because they focus on customers' views and attitudes. Qualitative research provides an in-depth understanding of the informant's experience, motivations, intentions, perceptions and behaviours by reserving, utilizing and describing a naturalistic interpretative approach to a subject or contextual setting (Oxford University Press, 2010). In addition, qualitative research attempts to understand a unique interaction in that particular situation. The purpose of understanding is not necessarily to predict what might occur, but to truthfully present the findings on the current situation and its meaning (Patton, 1996). Hence, qualitative research was chosen to answer the research questions which focus on subjective concept in naturalistic surroundings like: customers' perceptions, role of guanxi in supplier selection, and promotion of the new Opti.

For a qualitative researcher, particularly for Metso, all perspectives from the study objectives are worth studying. The researcher develops an inductive understanding, insight, and concept on how people think and act rather than merely collecting data to assess the preconceived models, hypotheses or theories (Taylor & Bogdan, 1998). The first objective of the qualitative interview is to allow the respondents to tell their own story on their own terms, and the said approach is widely used in the social and marketing contexts (Bogdan & Biklen, 1992).

The term "qualitative interviewing" is usually referred to as an in-depth, open-ended, semi-structured and reflexive form of interviewing, and it extensively relies on verbal communication to explore how people feel and act. A researcher conducts the interview that is specifically arranged for a study purpose, and an interview guideline is designed to ensure that the key elements are discussed with the informants (Kvale, 1996).

In addition to the qualitative interviewing, this study also applied a direct participant observation to collect data. According to Kathleen and DeWalt (2002, p. 2), participant observation means observing and/or taking part in the common and uncommon activities of the people being studied in the naturalistic settings. It requires the researcher to take notes of her or his understanding the informants' language and culture during the observation. Such a method usually involves fieldwork, but not all fieldwork is participant observation.

As mentioned earlier in the literature part, the Chinese communication takes place in the implicit high-context, and the direct refusal words rarely occur in the conversation (Trompenaars, 1994). Body language and emotional expression are thus particularly important for the researcher to find out the informants' hidden text. Through the repeated face-to-face encounters, and by sizing up the meanings of words, expressions and gestures between the researcher and informants, it is possible to gain an understanding of the informants' perspectives on the specific research object. The naturalistic research is thus a contextual, informal, and interactional exchange of social dialogue between two or more persons, and can be referred to as the “favoured digging tool” for the attitude survey and opinion polls (Mason, 2002).

King and Horrocks (2010) suggest that to assure confidentiality in qualitative interviewing, everything is said needs remain private and not be repeated. It is obviously not what this study wants to imply. Thus, the researcher sought to offer the anonymity when using the data generated in the qualitative interview, which means concealing the identity of the participants in all documents resulting from the research, therefore actively protecting the identity of the research participants.

Moreover, the recording equipment inevitability has some effect on the interviewees, and it might cause them not to provide the truthful answers that a researcher seeks for (King & Horrocks, 2010). However, debriefing the interviewees about record keeping is generally useful for detecting problems such as noncompliance or misunderstanding of the terms (Reis & Judd, 2000, p. 208). According to Hoyer and Maclnnis (2010), human behaviour can be motivated by self-interest. By leveraging this human trait, the researcher clearly explained herself as a mediator, who expected to conduct real academic qualitative research. In order to encourage the informants to express themselves openly and honestly, she also told them that she will reflect on their existing problems and/or needs, and to forward the information to Metso in-time. It also gives great opportunity for Metso to listen to their Chinese customers’ voices, and remedy some undiscovered service aspects to enhance the customer experience. Thus, all the interviews were audio-recorded under the informants’ permission. The researcher also wrote down some key words during the interview, in order to double-check the data in the analysis phase.

Furthermore, according to Maxwell (1996), the member checking reflects on the informants’ feedback, and it is the most effective way to eliminate the possibility of misrepresentation and misinterpretation of the informants’ voices, and it is the most critical technique for establishing credibility and serves as a quasi-ethical role (Onwuegbuzie, Jiao, & Bostick, 2004). Hence, the researcher also sent the summarized interviews to the participants by e-mail, in order to check and ensure the reliability of data.

It is worth mentioning that in order to have an efficient interview, while exploring how well Metso has understood its Chinese customers in general, the researcher pre-interviewed 12 Metso employees to joint-design the most appropriate questionnaires for the customer interviews. All the selected Metso representatives have 15 years of working experience with the Chinese customers. Moreover, in terms of facilitating an in-depth conversation with the informants, and encouraging them to express their feelings openly and honestly, in addition to digging out their real needs, the researcher did not only discuss the topics listed in the semi-structured questionnaire, but also tried to motivate them to talk about the most important things at the moment without structuring them as a grand-tour. The research process went as shown in fig. 3.1.

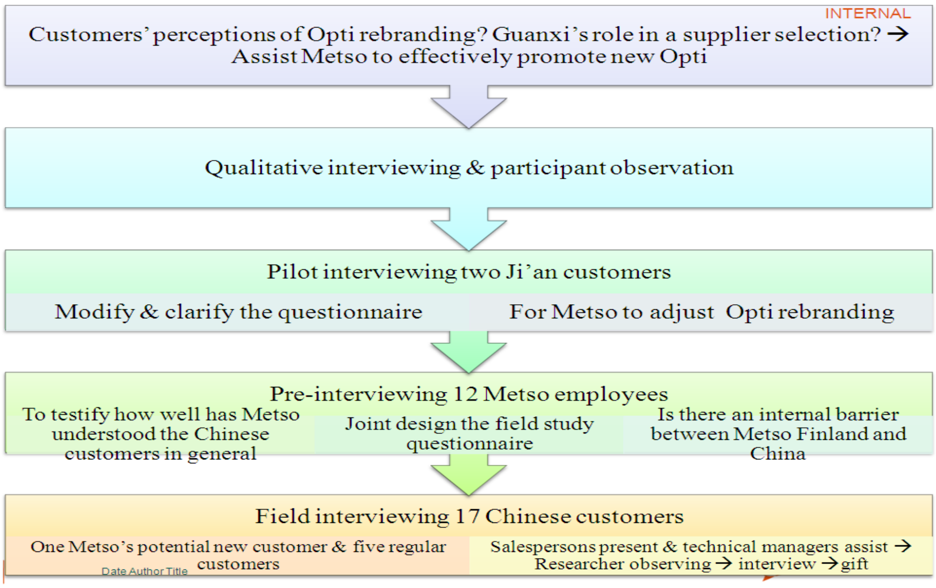

Figure 3.1 The process of qualitative interviewing and participant observation

3.1.2 Pilot interviewing two Ji'an Chinese customers

According to Maxwell (1996), the pilot study serves to test the interview and may provide insights for the development of the coding system that is used later in the research process. The pilot participants can provide valuable feedback on the content, flow and clarity of the questions; and the feedback will also reveal the needed modifications. In addition, the pilot study should be conducted under the exact same conditions as it will be conducted later (Onwuegbuzie et al., 2004).

Hence, in order to facilitate the main field study of the Chinese customer interviews, the researcher interviewed two Ji'an Paper customers as a pilot study during their visit in Finland in December 2012. The interview was regarded as a reward, as they were the first to hear about Metso's latest offering. One informant is a technical engineer, and the other is a vice manager at the paper mill. Referring to their common interests, Metso sales manager briefly presented the Opti rebranding and OptiSizer Spray (a regrouped family member of the new Opti product families). The researcher interpreted the presentation while observing their reactions and conversations, after which she interviewed them separately in Chinese. Questions were asked about their background and needs, perceptions of Metso in general and Metso's sales presentation, in addition to attitudes towards Metso's current three brands and Opti rebranding (Appendix I). Each interview took 16 minutes and the data was audio-recorded. The researcher also translated the interviews from Chinese to English, and sent both Chinese and English versions to the informants via e-mail for checking.

The key findings of this pilot study are as follows (Appendix II): the informants understood the new Opti as Metso's branding strategy, and they had not realized the Opti, Sym and Val product names before. The Opti rebranding, and the name change in particular, does not affect them much. The technical respondent was keener with OptiSizer Spray, while the mill vice manager was more worried the spray technology. Nevertheless, both of them thought that OptiSizer Spray might to some extent be problematic in practice. Moreover, for them, guanxi does help for the product promotion, but cannot surpass the price issue when determining a supplier, as the cost-efficiency is more crucial for them, when it comes to selecting a supplier.

Thus, the pilot interviews provided a general picture for the researcher in terms of some practical issues, such as the length of an interview, and the informants' attitudes towards Opti rebranding, in addition to how to ask questions effectively during the interview etc. Moreover, this pilot interviewing also helped the researcher to modify and clarify some questions from the informants' perspectives. Furthermore, the aforementioned findings of this pilot experience paved the way for the later field study, and it serves as the customer's reaction "signal" for Metso to adjust the development of the new Opti.

3.1.3 Pre-interviewing 12 Metso representatives

For the purpose of gaining the voices of Opti rebranding from the Metso employees' perspective, and of gathering their professional feedback about how Metso should best promote the new Opti in the Chinese market, while also exploring how well Metso has understood its Chinese customers in general. The researcher pre-interviewed 12 Metso representatives separately in a face-to-face manner. These interviews also serve as an instrumental tool to joint-design an efficient customer interview questionnaire. Six Chinese and six Finnish employees of Metso were interviewed for this study. Among them, two interviewees are capital managers and four are from the service unit, and the remaining six are working in the sales department. The interviewees have an average of 15 years of working experience with the Chinese customers.

The researcher thus asked them directly "From your point of view, what are the Chinese customers' needs at the moment?" It is easier to compare the result with the customers' interviews. In addition, the researcher also asked such following questions as the differences between the Chinese and Finnish culture, their perceptions of the Chinese customers and Metso's current sales presentation, and their attitudes towards Metso's current three brands and Opti rebranding (see Appendix III, IV &V). Each interview took approximately 50 minutes. All interviews were audio-recorded after receiving permission from each informant. All the Metso representatives wanted to know about the Chinese customers' perspectives in terms of what their needs and perceptions about Metso's current and the most-desired marketing stimuli were, in addition to the customers' attitudes towards Metso's current three brands and Opti rebranding.

3.1.4 Field interviewing 17 Chinese customers

Metso held three internal training sections about the new Opti for the employees of Metso China. The training was delivered via Interwise technological system in January 2013 and over 60 employees participated (Metso Internal, 2012). It is worth mentioning that none of the sales managers who took part in the interview had participated in this training section due to their overlapping schedules. They received the Opti rebranding presentation-related materials by e-mail, in order to prepare presenting it to the customers for the interview purpose.

With the help of the local Chinese salespersons, the researcher joined six suitable sales meetings during six weeks time. The process mostly went as follows: Metso sales manager firstly gave a brief presentation of Opti rebranding, and the technical managers were also present to solve the customers' technical-related questions. Meanwhile, the researcher took notes by observing the participants' body language and interactions. Then the in-depth face-to-face interviews were carried out. The researcher asked about the informants' general perception towards Metso, the informants' needs, supplier selection criteria, and their perceptions of Metso's current and the most-desired marketing stimuli, in addition to their attitudes towards Metso's current Opti, Sym and Val, and Opti rebranding (see Appendix VI and VII). At the end of each interview, a small gift provided by Metso Finland was given to each informant in order to thank him or her for the valuable participations.

Interviewee selection

It takes time to negotiate the interview access, locate the settings, arrange visits and get to know the informants (Wilkinson & Birmingham, 2003). According with practical issues such as time and costs, the researcher selected the customer informants, who had the highest job title in the sales meeting, since they were most likely to have more influence in the decision-making process in terms of Chinese high power distance (Hofstede & Bond, 1984). It is also valuable for Metso to know the decision makers' or influencers' perceptions on the aforementioned questions. In addition, in order to testify the key findings of Venetjoki et al.'s Chinese customers' study in chapter 1.4, the interviewees needed to be at least in a similar position as in that study.

Thus, one maintenance manager, six capital managers and ten production managers were interviewed from six different papermaking companies. The sample includes one of Metso's potential new customers, Lulin Paper (three capital managers) and five regular customers. These five customers include one foreigner-owned enterprise UPM Changshu (three production managers), in addition to four private local enterprises: Jinzhou Paper (two production managers), Jingxing Paper (one capital manager and one production manager), Liansheng Paper (one capital manager) and Sun Paper (one capital manager, one maintenance manager and four production managers). In summary, the interviewees included one of Metso's potential new customers to two key regular customers and three middle-sized enterprises. The data is thus holistic and representative for covering Metso's business in China (see fig.3.2).

Interviewees Selection			Capital manager	Production manager	Maintenance manager
Metso's regular customers	Metso's key customers	UPM: foreigner-owned		3	
		Sun Paper	1	4	1
Local Chinese private-owned enterprise	Middle-sized papermakers	Liansheng Paper	1		
		Jinzhou Paper		2	
		Jingxing Paper	1	1	
Metso's new potential customer		Lulin Paper	3		

Figure 3.2 Interviewee selection (excluding the pilot study)

Moreover, in order to try to find which question to ask and how to ask efficiently, and to explore what is the most important thing for the informants at the moment, the researcher consulted the accompanying salespersons in order to find out such details as the informants' professional titles, previous purchases from Metso, existing problems and future business opportunities with Metso etc.

Furthermore, in order to listen to the informants' real voices and to gain data reliability, the researcher strived to be an active listener and expressed a sincere interest in what the informants were saying. In addition, when the informants were telling about their existing problems, the researcher communicated with empathy, using sympathetic, non-judgemental and understanding gestures. Moreover, since the researcher is not familiar with the engineering-related topics, she rephrased the informants' mentioned items to clarify if it was what they meant, and asked for some examples for further explanations. All the interviews were audio-recorded under each informant's permission and each interview took 20 minutes.

3.2 Data Collection and Analysis

Since all the interviews are semi-structured, open-ended questions, the researcher manually analysed all the data by the researcher self. After each interview, she carefully re-listened to the recorder, by pausing and playing one sentence for three or four times and wrote it down in Chinese first, after which the interview context was also taken into consideration. Moreover, the researcher double-checked the entire interview with the written notes that were taken during the observing and interviewing phase. In order to provide a reference for Metso, she also translated all the interviews into English, and highlighted the most representative comments in the Word document. Then each interview was sent to involved informants by e-mail. Furthermore, in order to ensure the data reliability, the researcher also sent the Chinese and English versions to the involved accompanying Metso salespersons for checking.

The researcher was expecting to receive the informants' confirmation of the data reliability. However, only two out of 19 customer informants (including the ones in the pilot study) personally confirmed the data. The remaining 17 interviews were assured by the accompanying Metso salespersons. After that, the researcher wrote down the summarized responses under the same question in one A3 paper. In total, there are ten pages from the customer interviews and 14 pages from the Metso internal interviews.

In addition, in terms of having a general picture of the differences between the regular customers and the new customer, and to explore how well Metso has understood its Chinese customers in general, the researcher marked their responses with four different colours. The data is thus classified into four categories in terms of Metso's regular customers, potential new customers, Metso Chinese employees and Metso Finnish employees. Moreover, in order to find out the most representative answers for a certain topic, she underlined and counted the repeated or similar expressions as the findings.

Furthermore, the researcher listed the detailed findings in the PowerPoint document. In total, there are 35 slides of the findings from the Chinese customers' interviews, and 14 slides of the findings from Metso internal interviews. As for the research questions and Metso's interests, the findings were compressed to 12 slides. The researcher also presented the findings to the marketing and sales team, which involved active discussions with Metso employees. All the figures presented in the following finding part are drawn from this presentation material with some later modifications.

4. Findings

Customer experience-based CRM suggests that the new customers mostly have different perceptions towards a company than the regular ones (Lambert, 2010). This chapter will introduce the main findings from the regular customers (16 informants) and the new potential customers (three informants) separately, along with some additional findings to support Metso's development.

4.1 Main Findings from the Regular Customers

Reichheld (1996) points out that acquiring new customers can cost five times more than the cost involved in satisfying and retaining current customers. In order to effectively rebrand Opti in the Chinese market, it is necessary for Metso to find out the regular Chinese customers' needs; their supplier selection criteria; the role of guanxi in selecting a supplier; the customers' perceptions of Metso's current and most-desired marketing stimuli; their perceptions of the current Opti, Sym and Val brands; and their perceptions of Opti rebranding. Hence, the following chapter will focus on those aspects to describe the main findings.

4.1.1 Chinese papermakers' needs

According to Chinapapernet (2013), the Chinese papermaking industry experienced a serious excess capacity in 2012; and the increasing manufacturing and labour costs lead to a very low profit margin. There will be less new capacity built in the next two or three years, and the Chinese papermakers expect to rebuild and/or upgrade their current PM lines through mergers and acquisitions. Hence, the Chinese customers' needs are pooled by the current market situation. The researcher directly asked the following from the informants "What are the most important things for you at the moment?" The most representative answers are illustrated in fig. 4.1.

To put it specifically, 15 out of 16 informants demanded Metso to react fast to solve their existing problems permanently. Thus, it is particularly important for Metso to know where its customers' existing problems are situated through an open, in-depth and frequent communication between both parties, and then, to co-create the most appropriate solutions.

In addition, 14 interviewees expressed their wishes to rebuild and/or upgrade their current production line to reduce the operational costs, improve productivity and save energy etc. The operational costs include the office overhead, manufacturing and service cost related to paper production. This implies that the informants are facing the problems of the high operational costs, and are looking for solutions.

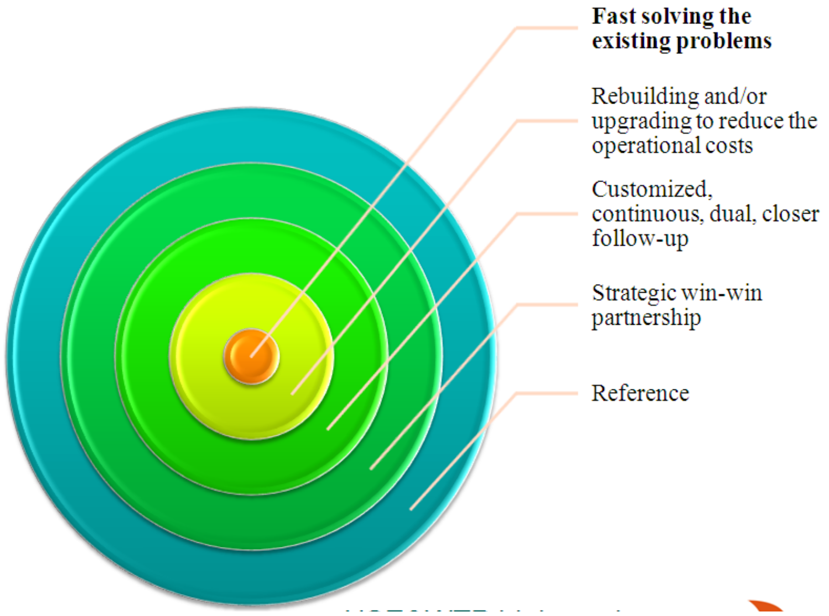

Figure 4.1 Findings on Chinese regular customers' needs

Moreover, since the investment level determines the PM configurations, 12 out of 16 interviewees required a customized, continuous, dual and closer follow-up from Metso. CRM applications enable a firm to customize its offerings for customers to enhance the perceived value, which can increase the customer satisfaction (Buttle, 2004). These informants also pointed out that the Chinese papermakers communicate frequently, and the WOM among peers is very influential. Stuart et al. (1999) point out that leveraging the credible and reputable customer references can spread the customized satisfaction within same industry, which is in line with the finding that the informants expected reliable and successful references.

Furthermore, 10 informants required a strategic win-win partnership. According to Crowther (2004), a strategic partnership involves some kind of formal agreement between two (a bilateral partnership) or more (a network partnership) parties that have agreed to share finance, skills, information and/or other resources in the pursuit of a common goal. It also implies “partnering with purpose”. Words like “the customers make a frequent and repeated order from Metso, while Metso should provide a most cost-efficient solution”, “happy cooperation”, “mutual benefits”, “helping and improving together” were often mentioned in the interview. One capital manager, who is in charge of a recent start-up PM project, said that “the most important thing is cooperating together with Metso to reach the designed machine performance as soon as possible”. This statement also reflects the company’s core need.

In conclusion, combining the most representative findings with the job-to-be-done theory (Ulwick, 1992), the main job for the informants is solving their existing problems, and it is aligned with their desired outcomes or matrices such as “permanently”, “cost reduction” “productivity improvement” and “energy saving”. Linking it with the customer value hierarchy (Kotler & Keller, 2006), the core benefit for the informants is that Metso should react fast to solve the customers’ existing problems, and to rebuild and/or upgrade the current PM lines to help the customers to reduce their operational costs. Hence, the new Opti must emphasize this core functional job in terms of solving the customers’ existing problems faster and better, in addition helping the customers to lower their operational costs.

This study also explored the informants’ personal and social jobs needed-to-be-done, such as “customized CRM”, “strategic partnership” and “reliable reference”. Those are the customers’ expected benefits. In order to capture the customers’ interests, the new Opti also needs to further develop the jobs aligning with the aforementioned expected values.

Thus, at the moment, the Chinese customers’ main needs are solving the existing problems; rebuilding and/or upgrading the current PM lines to reduce the operational costs; demanding the customized CRM follow-up; expecting the strategic partnerships and reliable references and so on.

4.1.2 Supplier selection criteria

The supplier selection requires the efficient and systematic methods to help a buyer in making a sound decision. Selecting a supplier refers to a qualitative and quantitative multi-criterion, with the price, quality and delivery to be considered as the most important criteria (Dickson, 1966; Weber & Current, 1991). In order to select the best supplier, it is necessary for the purchaser to make a trade off between these tangible and intangible criteria, and sometimes some of them may conflict with each other (Benyoucef, Ding, & Xie, 2003).

The researcher asked the informants to list up their top-five supplier selection criteria, and 15 out of 16 regular customers referred to cost-efficiency ("xingjiabi" 性价比) as a crucial dimension on this matter. The direct translation for "xingjiabi" is the price and quality ratio or price performance ratio. They desired the optimal results for the expenditure, and wanted the best performance with the most reasonable price. In addition, 12 informants named technology level as a selection criterion because it determines the product quality, performance, runnability, reliability and ROI (return on investment). According to Wisner (2011), for a process industry supplier like Metso, it is necessary to have the competent process technologies to produce the superior products at a reasonable cost to enhance the buyer's competitive edge.

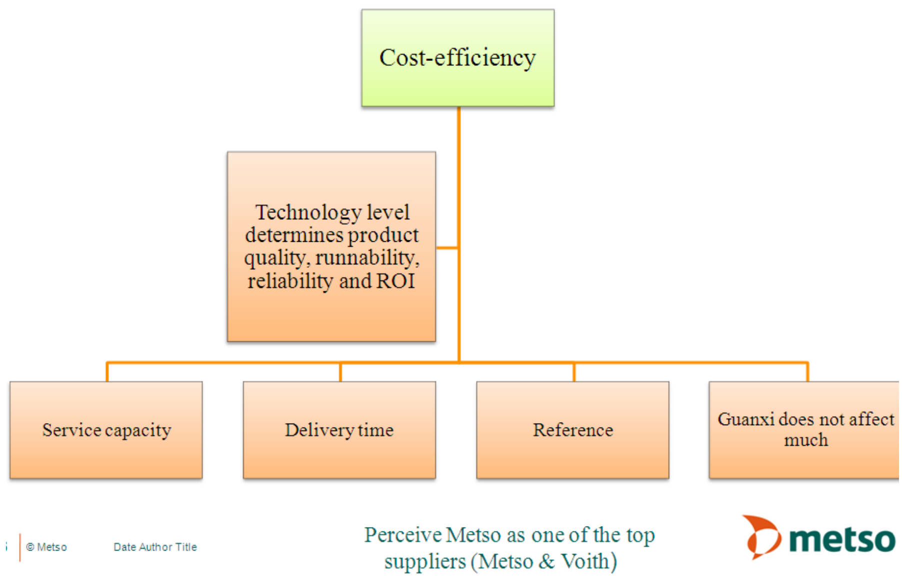

Figure 4.2 Findings on regular customers' supplier selection criteria

Moreover, five informants mentioned that the supplier's service capacity, delivery time and reliable references also affected their selection of a supplier. According to Wisner (2011), Metso must be able to back up its product by providing a good and reliable service when a customer needs it. For example, when the customer is facing some problems or needs the maintenance service, the supplier must respond on a timely basis. The customer is also concerned with how easy it is to use a supplier's ordering system and what is the normal order cycle time. Wisner (2011) points out that Metso's order placing should be easy, quick and effective, which allows the frequent orders to reduce the customer's inventory holding costs.

This finding is in line with Huang and Keskar (2007), who stated that the cost and quality are the most dominant factors along with on-time delivery and flexibility. The purchased product and services account for more than 60% of the average company's total costs. Hence, there is a need to assess a supplier's quality and service capacity as well as its strategic and managerial alignment with the buyer. Quality, price, delivery time, responsiveness and consistent service turned out to be the most important criteria for the supplier selection (Kannan & Tan, 2002).

Furthermore, Weber and Hsee (1998) found that the Chinese are very sensitive towards financial risks, and they share a low willingness to pay for the risky financial options. One PM line needs a large investment, so a successful and representative reference can increase a supplier's visibility and credibility, and hence reduce the buyer's perceived risk and uncertainty (Stuart et al., 1999). This study also proved that a reliable and successful reference is particularly important and affects the way a DUM in selecting a supplier in China.

In summary (see fig. 4.2), this study found that the cost-efficiency (性价比) is the most crucial criterion for a Chinese papermaker when selecting a supplier. In addition, the technology level determines the product quality and performance, which is also an influencing factor in choosing a supplier. Moreover, the suppliers' service capacity, delivery time and references also affect the buyer to determine a supplier. Hence, it is recommended that Metso should provide the high technology with cost-efficient solution and holistic service capacity, in addition to appropriate delivery time and reliable local references to gain the customers' preference in the supplier selection process.

4.1.3 Guanxi's role in selecting a supplier

According to Hoyer and Maclnnis (2010), consumer behaviour is generally located in a rational model when the customer is involved in a high-effort decision-making process. The researcher asked the informants "To what extent does guanxi affect you to select a supplier?" Nine out of 16 interviewees pointed out that the majority of the Chinese papermaking companies are private enterprises and are more focused on gaining profits.

Moreover, the company organizational structure is shifting towards a more transparent direction. PM line is a large investment, and it involves many people during the decision-making process, which means that selecting an appropriate supplier is thus mostly rationality-based decision-making process, and guanxi does not have much influence on it. It is worth mentioning that one informant, who is a Vice President, told that he “might try once with whom our company shares a good guanxi, if the investment is less than one or two million Yuan.

In addition, five of the informants agreed that the price could be reasonably higher when they share a good guanxi with a supplier. They also indicated that guanxi does not naturally occur in the commercial phase. It requires frequent communication, fulfilment of the customer needs and solving the existing problems quickly and completely. Thus, it was implied that by building a good guanxi with them first before a deal, they can later receive such gains as getting their problems solved and their business needs satisfied. Later on, the supplier will also obtain “a reasonably higher” payment in return. Such response is in accordance with the concept of guanxi, which is reciprocal, intangible, utilitarian, contextual and transferable (Luo, 2007). The aforementioned also confirms that the Chinese prefer a strategic partnership in order to reach their mature benefits.

Moreover, according to the mere exposure effect, people tend to prefer the familiar objects rather than the unfamiliar ones (Zajonc, 1968), and the likeability of a source can result in an affective influence (Hoyer & Maclnnis, 2010, p. 163). Two informants in the interview also mentioned that preference and familiarity with a certain supplier will lead to favouring that supplier to some extent.

To sum up, guanxi is a commonly seen phenomenon in China. The globalization and modernization of the country on the change of Chinese behaviour is salient from 1978 onwards. Referring to business and society at large, the contemporary Chinese culture remains anchored from yinyang approach, which implies that Chinese and Western culture coexists in China (Faure & Fang, 2008). Thus, when it comes to selecting a supplier, the Chinese papermakers also rationally and critically analyse the economical and practical issues as much as the Westerners do. The cost-efficiency and technology level are very crucial for the Chinese in selecting a supplier. Nevertheless, the reciprocal and strategic partnership kinds of guanxi also affect their decision-making to a certain extent.

4.1.4 Perceptions of Metso's current marketing stimuli

All types of business use promotional materials to market their products and services. Metso uses the sales presentations, "Result" magazines, brochures, articles, Websites and flyers and the like to promote its product to the target customers. Good marketing stimuli can enrich the customers' knowledge, catch their attention and to bring the promoted products into their consideration set (CMI, 2012). In order to improve Metso's marketing performance, and to assist Metso in effectively promoting Opti rebranding in the Chinese market subsequently, the researcher first asked the informants the following: "How do you perceive Metso's current marketing stimuli in general?" The findings are listed in the following triangle chart (fig.4.3). It is in descending order, from the top to the bottom, with the top line representing the informants' most-mentioned aspects.

15 out of 16 informants pointed out that Metso's current marketing materials to be too general, but there is no communication barrier in terms of technical issues, which is easy for the audiences to understand the contents. 14 informants found that Metso never mentioned its product disadvantages, and 12 interviewees mentioned that Metso's marketing materials were not customized towards a specific customer. In addition, eight informants said that Metso sometimes over-promoted its offerings, particularly in the new technology embedded products.

In addition, seven informants told that listening to the English-language presentations was almost twice time-consuming than the average presentations in Chinese, but they also added that it was not an important detail. Six informants also pondered that Metso's presenters sometimes skipped some unfamiliar topics, and five interviewees mentioned that they were aware of Metso's latest product information before seeing the "Result" magazine, because they promptly got the updated information from Metso employees. However, some also said that they had not received the magazine for a while because of the job and/or address changes.

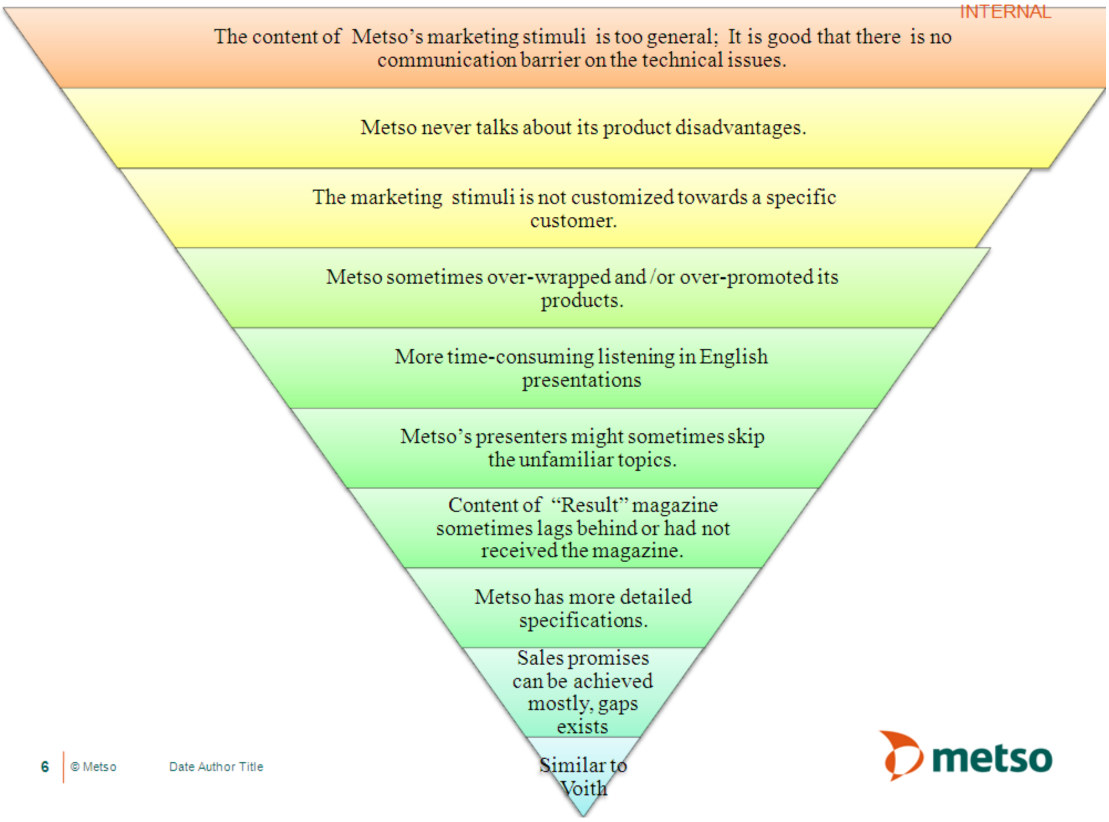

Figure 4.3 Findings on customers' perceptions of Metso's current marketing stimuli

It is worth mentioning that five informants (including three potential new customers) pointed out that Metso has more detailed specifications than other competitors. Several interviewees also found that Metso's sales promises mostly can be achieved, but that the sales promises of some other projects had not been fulfilled. Some also mentioned that Metso and Voith's sales presentations are more or less similar, except that Voith uses a large number of Chinese salespersons to present and/or communicate with the customers.

Nowadays, the suppliers are struggling to decide whether to speak out about its product drawbacks or not. The following theories can shed some light for Metso on this aspect. According to Festinger (1962), the cognitive dissonance is the inner tension of a consumer's experience after recognizing a purchased product's disadvantage, which is inconsistent with the originally promoted. When this dissonance is experienced, people will actively avoid situations and information, which would likely increase the dissonance. Words like "imbalanced", "incongruous", "fraudulent", "over-wrapped", “over-promoted”, and the image of “a customer as Metso’s experimental field” also appeared during the interview. This indicates that some customers had experienced the cognitive dissonance towards Metso’s offerings. One Vice President also suggested the following: “Metso does not only need to talk about its strengths, but also needs to tell about its weaknesses and show how to remedy accordingly”.

In addition, Keller (2008, p. 459) also points out that the corporate reliability measures the extent to which the consumers believe that a firm can design and deliver the product and services that satisfy its customers’ needs and wants, which is similar to the reputation the firm has achieved in the marketplace. The corporate reliability depends on three factors: corporate expertise, likeability and trustworthiness. The brand trustworthiness is the extent to which the consumers believe that the company is honest, dependable, and sensitive to the customers’ needs. It is hard to regain the reputation once it faces crisis in the commercial sense, which can affect the trust issue and might go against the potential business cooperation. As mentioned earlier, the negative WOM even spreads much faster than positive WOM (Naylor & Kleiser, 2000), in addition to the frequent communication among the Chinese papermakers and the customer experience-based CRM (Bitner, Ostrom, & Morgan, 2007). Hence, Metso should find an appropriate way to implicitly speak out about the drawbacks of an offering to its customers.

4.1.5 Most-desired contents in the marketing stimuli

In order to have a clear picture of the informants’ most-desired contents of marketing stimuli, the researcher directly asked their opinions with the following question: “What do you most-expect to see and/or hear from Metso’s marketing stimuli?” All the informants would have loved to listen to and/or look at the latest technology for rebuilding and/or upgrading the current PM lines, for the purpose of reducing the operational costs. They also expected detailed technical backups and good performance, such as cost-efficient, eco-friendliness, the fastest ROI, safety and energy saving. The desired marketing content is also attached to the successful and reliable references, through the various customized and direct promotion channel. Since the language allows people to develop and share information, the informants also demanded that the marketing stimuli be professionally translated into a Chinese version. These expectations are also consistent with the aforementioned Chinese papermakers’ needs and their supplier selection criteria. Hence, in order to attract the customers' attention and interests, the marketing stimuli of the new Opti should cover all those aspects as shown in fig. 4.4.

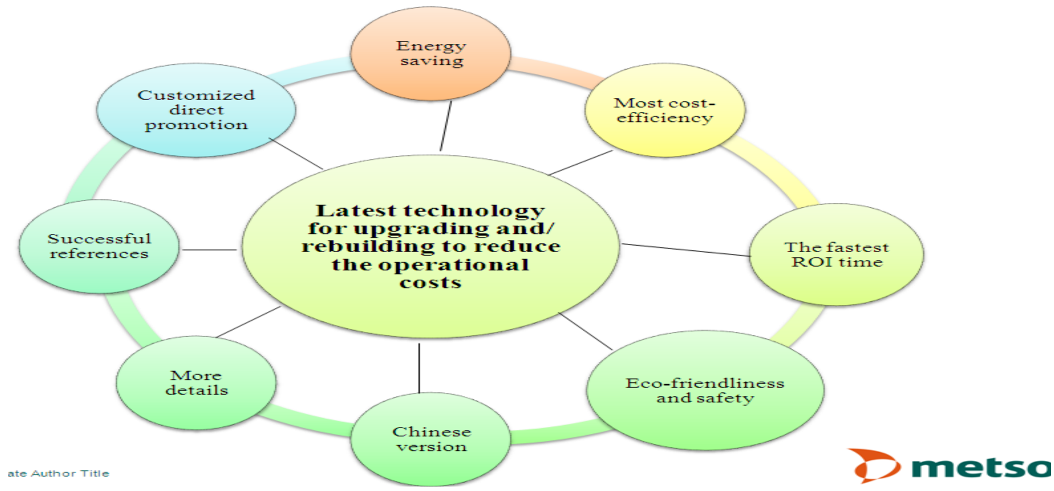

Figure 4.4 Findings of customers' most-desired contents of marketing stimuli

4.1.6 Perceptions towards Opti rebranding

According to Hoyer and Maclnnis (2010), people's perception, attitude and behaviour are interdependent and interact with each other. In order to find out how the Chinese customers perceive Opti rebranding, it is necessary to know how they feel about Metso's current Opti, Sym and Val brands.

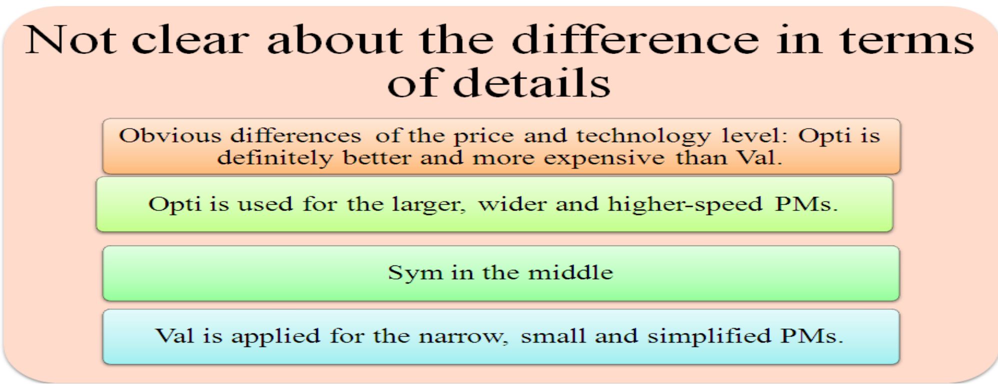

Figure 4.5 Findings on customers' perceptions of the current Opti, Sym and Val

Hence, when the researcher asked about the informants' familiarity with Metso's current three brands (see fig. 4.5), all 16 informants mentioned that they were not that well aware of the detailed differences. However, they believed that there are obvious differences in terms of price and technology level, and though that Opti is definitely better but more expensive than Val. They also understood that those three brands are different product generations that Metso uses to fulfil different customers' needs. They all mentioned that Opti as an advanced series with the latest and/or highest technology, which is applied for larger, wider and higher speed PMs, that Val is a simplified configuration for smaller, narrower and pneumatic PMs, while Sym somewhere in between Opti and Val. It is worth mentioning that six informants, who had purchased Metso's ValZone, were very curious about why ValZone was not named as OptiZone. Two of these six informants said that they have a "jerry-building" feeling towards Val.

Moreover, in order to dig out the informants' deeper perceptions towards Opti rebranding, and to assist Metso in getting better prepared in promoting the new Opti, the researcher also asked about the informants' first impressions, expectations and concerns about the new Opti. All mentioned that the name is not that important for them, but that the real renewed content and/or value is rather crucial, and that Opti has a positive image in their minds. 12 informants agreed that it is good that Metso is simplifying its products names. Meanwhile, they also asked about how Metso can make the customers believe that Opti rebranding is not an act of concept-stealing. It implies that they are worried about the possibility that Metso will simply use Opti to replace Val and Sym without any content changes. Thus, it is particularly important for Metso to have a real renewed Opti content to eliminate the customers' concerns and convince them to go for the new Opti.

As the aforementioned, none of the accompanying sales managers had participated in Metso's internal training sections due to their overlapping schedules, so they may not be that well aware of the concept of the new Opti rebranding. Hence, six customer informants requested more detailed information about the Opti unification, such as the renewed background, and the customer segments among the previous three brands. They also wanted more information about the differences between the previous three brands and the renewed Opti. They clearly suggested that Metso should first clarify this concept internally. Moreover, the interviewees had a positive attitude towards modularity, and they strongly expected the new Opti to fulfil the proven technology and to maintain the quality of Opti for a Val-like price.

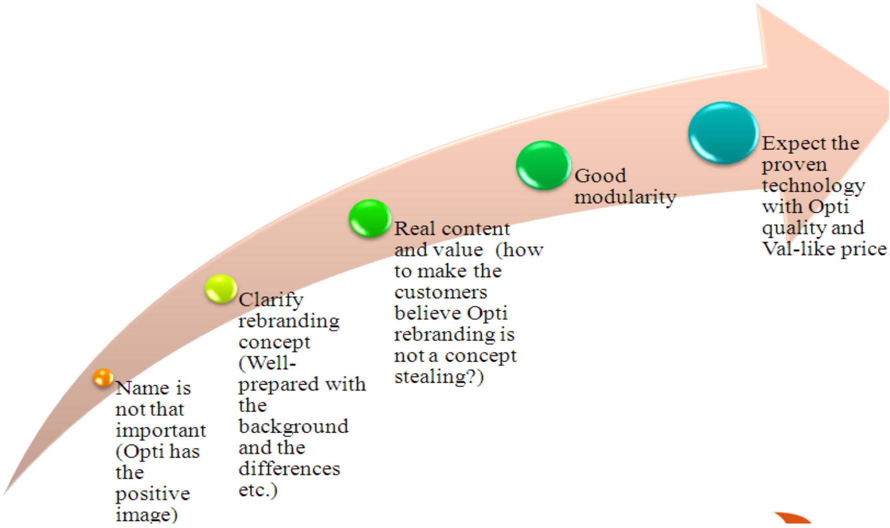

Figure 4.6 Customers' expectations towards the marketing stimuli of Opti rebranding

Based on the informants' responses, it is clear that they felt confused about Metso's current Opti, Sym and Val brands, and they did not have a detailed and clear position in their minds in terms of these three brands. Meanwhile, they highly expected the new Opti to possess the quality of Opti with the price similar to Val. This finding is in line with Metso's new Opti repositioning strategy: the new Opti product families will extend to mid-market under a lower total cost of ownership (Metso Internal, 2012). From this perspective, Opti rebranding is aligned with the Chinese customers' needs.

According to Keller et al. (2008, p. 555), when Metso is designing a marketing campaign for the new Opti, must define the desired awareness and image at each level of the brand hierarchy for each product, such as including the common product attributes, benefits, people or relationships, activeness and values or corporate credibility etc. Hence, Metso needs to take those informants' voices (see Fig.4.1-Fig.4.6) into consideration when developing and marketing the new Opti.

4.2 Main Findings from the Potential New Customers

Compared with the regular customers, the potential new customers will most likely have different perceptions towards Metso and other business-related aspects. Therefore, this study interviewed three capital managers in Lulin Paper Ltd. A family-based and small enterprise, Lulin is planning a PM rebuilding and relocation project at the end of 2013 (Metso Internal, 2012).

Regarding the potential new customers' needs and supplier selection criteria, they all expected a reputable supplier with the most reasonable price, and who can integrate their existing equipment with the supplier's latest technology as much as possible. Such demands are their functional jobs and core benefits need to be done or satisfied. Meanwhile, they also expected the fastest ROI as their personal job and expected benefit. Expressions as "good WOM can reduce the unnecessary risks"; "best solution"; "gaining the maximized profit within the shortest time" were often mentioned during the interview.

All three informants told that they had more contacts with Metso than with other suppliers, and that they already considered Metso as a good friend and the most suitable supplier if the price was acceptable. They repeatedly emphasized that the price is the most crucial factor for them to choose between the reputable suppliers (Metso and Voith). The Chief Executive Officer also pointed out the following "I will feel regret if we cannot cooperate with Metso after all" Hence, with which supplier they have signed the contract later this year; will provide a vivid evidence for Metso to explore the potential new customers' supplier selection criteria.

Moreover, it is worth mentioning that the informants all had a very positive attitude towards Metso, and brought up good reputation, long company history, world-leading technology, Metso employees' professional working attitude etc. Due to their insufficient English skills, the informants of Lulin highly requested a professionally translated Chinese version of all Metso provided materials. They also felt that it is good that Metso has more detailed specifications, and suggested that the specifications should adopt a Chinese way of thinking. In addition, they also expected a technical forum on Metso's Website for the customers to consult and have discussions with Metso experts.

Before the interview, the sales managers suggested that they had only introduced the products that Lulin needed and was the most interested in, and they deemed that the customers are not so familiar with Metso's product names. Thus, in order not to confuse them with Metso's previous inconsistent product names, it was decided to directly present the OptiSizer Spray rather than Opti rebranding. However, in order to serve the research purpose, the researcher implicitly asked the informants: “How do you feel about Metso’s product names?” Their responses showed that the sales managers’ assumption was right that they were not familiar with Metso’s product names: “do you mean Metso’s logo? It looks tidy and healthy.” Nevertheless, all three informants indicated that OptiSizer Spray is an attractive world-leading innovation, and that it will have a positive influence on their decision-making process.

To sum up, generally speaking, the potential new customers have a positive attitude towards Metso. They would like to cooperate with a reputable supplier in order to reduce the perceived risk and uncertainty, and to gain the fastest ROI if the price is reasonable enough. Furthermore, they also requested materials in Chinese-language and were not yet WTP a relatively higher price for HSE factors (see chapter 4.3.2).

4.3 Additional Findings

In order to facilitate the interview with the Chinese customers, while also exploring how well Metso has understood the Chinese customers in general, the researcher first consulted the Metso representatives and joint-designed the questionnaires with them, in order to find out what the company most-wanted to know about the Chinese customers, in addition to their opinions of the Chinese customers’ needs. By comparing the Metso employees’ and the customers’ responses, several additional findings surfaced, such as that the importance of reference marketing in the Chinese B2B project context, and that the Chinese regular customers were WTP a reasonably higher price for HSE features. In addition, the technology and knowledge transfer barrier between Metso Finland and Metso China was also brought up.

4.3.1 Importance of reference in the Chinese B2B project context

Despite that this study shows that guanxi is not a crucial factor when selecting a supplier, it is important to combine the findings of the informants’ needs and supplier selection criteria with the most-desired contents of the marketing stimuli. In this context, we can find out that the word “reference” is a commonly mentioned item here. Many informants indicated that it takes time for a new technology to reach the mature stage, and that the perceived risk and uncertainty is too high to assume the role of a first-mover. This study also found that the reference is crucial, particularly if the customers had been previously struggling with some new technologies. Hence, the Chinese customers value reliable and successful references a lot, which is in line with the Chinese higher sensitivity to the financial risk (Weber & Hsee, 1998).

Reference marketing is gradually increasing its role in B2B context (Salminen & Möller, 2006). As aforementioned, guanxi reflects the interpersonal relationships and connections, which refers to a complex and diffuse net of guanxi with the directly and indirectly involved people (Luo, 2001). The Chinese papermakers frequently communicate and exchange information among the organizations; WOM thus spreads rapidly within the papermaking industry.

Moreover, all informants also confirmed that they perceived Metso as one of the world-leading PM suppliers targeting the middle and high-end markets. According to the status transfer theory (Stuart et al., 1999), the Chinese encourage luxury consumption (Lu, 2010). Thus, most of the Chinese customers are more than willing to be Metso's reference, since their image can be leveraged simultaneously by collaborating with a top supplier like Metso. Meanwhile, Metso must avoid referencing those non-credible papermaking enterprises, in order not to tarnish the credible reputation of Metso.

Furthermore, customer experience CRM (Shaun & Wheeler, 2002) and customer-oriented SDL (Lusch & Vargo, 2004) also suggest that the reference customers will perceive themselves as value co-creators during the different customer experience stages. In order to have a positive WOM among the papermakers, it is highly recommended that Metso should focus on delivering the reliable performance to the reference customers, which might to some extent indirectly influence the other customers' behaviour.

4.3.2 Chinese regular customers are WTP for HSE

This chapter will compare the Metso employees' opinions with the Chinese customers' responses, for the purpose of exploring whether the Chinese customers are WTP a relatively higher price for HSE or not (see fig. 4.7).

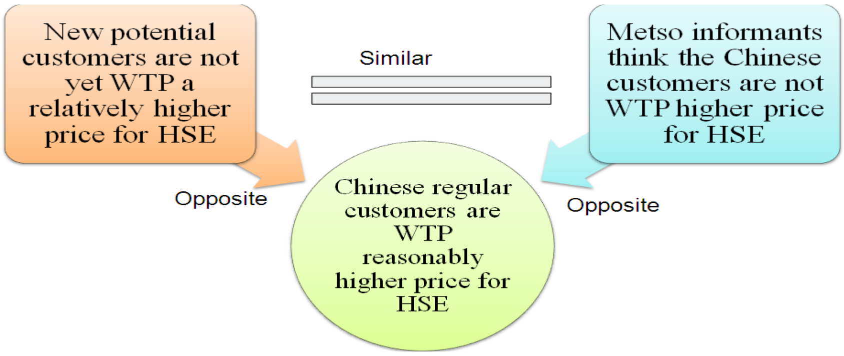

Figure 4.7 Findings on Chinese customers' willingness to pay for HSE

Nine out of 12 Metso employees responded that the Chinese customers are not voluntarily WTP a relatively higher price for HSE, unless the Chinese government promulgates the laws and guidelines to force them to, or that will take time for them to pay a higher price for HSE.

On the other hand, all 16 regular customer informants mentioned that they were aware of Metso's HSE, and the safety and environmental features in particular. They also said that they had to invest largely on the wastewater treatment and energy saving during paper production. All pointed out that they are WTP a reasonably higher price for HSE if they can get a tangible benefit from it, particularly if this HSE solution can reduce their operational costs, and that it is acceptable for them to have a reasonably higher investment cost.

However, for the potential new customers, the informants either kept silence for 30 seconds or replied that China is gradually walking towards the ecological direction, but that it takes time to reach the European standards. Referring to the implicit Chinese communication style, as pointed out by Gao (1996), it is implied that they are not yet ready to pay a relatively higher price for HSE.

At this point, we can conclude that Metso informants' opinions are similar to the potential new customers' responses, but the regular customers' voices imply an opposite opinion. By linking the aforementioned criteria in the supplier selection, it is clear that the potential new customers are more concerned about the price. In addition to their current purchasing power, it might be difficult for them to accept a relatively higher price for HSE features, since they emphasized the total investment cost.

The core need of the regular customers is solving the existing problems through rebuilding and/or upgrading to reduce the operational costs. They also prefer an organic combination between investment costs and operational costs. If the latter one is lower, then a relatively higher investment cost is acceptable. They repeated that “reducing the operational costs” is particularly important at the moment.

To summarize the aforementioned, Metso, and its salespersons in particular, understands the Chinese customers well, but there is a gap between whether the Chinese customers are WTP a relatively higher price for HSE or not. This study found that the regular Chinese customers are WTP a reasonably higher price for HSE, which contradicts with Metso employees’ opinions.

Furthermore, it is worth mentioning that one study shows that the Chinese consumers express the positive ecological attitudes and green purchase intentions, but in contrast, they share the low level of ecological knowledge and their actual green purchase behaviour is minimal. Nevertheless, the pressure of over-pollution, with the stricter environmental regulation by the government, and the raising middle-class suggest that the Chinese consumers are improving their eco-knowledge (Chan & Lau, 2000). Hence, integrating cost-efficient and the ecological solutions into Opti, for the purpose of reducing the operational costs are very attractive to the Chinese papermakers.

4.3.3 Metso internal technology and knowledge transfer barrier

According to Venetjoki et al. (2011), Metso’s internal communication barrier is caused by the typical Finnish attitude: unwillingness to communicate. However, all six Chinese internal informants in this study indicated that the Finnish people are kind rather than arrogant. Therefore, in order to explore if there is an internal communication barrier between Metso Finland and Metso China, the researcher dug further into what might cause this barrier, the researcher first asked the informants’ opinions regarding the most distinct culture difference between China and Finland. All of them mentioned the hierarchy, implicit high-context communication style and different ways of thinking. In addition, four out of six Finns also pointed out the significant Chinese culture such as the concept of guanxi and face, the diffusion between work and private life and so on.

Nine out of twelve informants referred to the internal communication as mainly work-related topics with very little social activities. From this point of view, there is basically no internal communication barrier. Despite of this, all six Chinese informants highly requested localized management style, engineering design and talent building. In addition, all six Chinese and one of the Finnish informants proposed that if there is a barrier, it might be caused by technology and knowledge transfer, which might then lead to a trust problem.

Definition of technology and knowledge transfer

Technology is embodied in the tangible artefacts, devices or tools, and it implies that application of knowledge has a practical value and utility. There are two types of knowledge: explicit knowledge and tacit knowledge. The former one is objective and can be codified, such as in formulas and manuals, and it can be easily transmitted and imitated by competitors, which is unlikely to be a competitive advantage. The latter one is subjective, experiential and hard to formalize and hence difficult to access from the outside. Therefore, it has a stronger potential to generate distinctive competitive positions (Gooderham, 2007).

The concept of technology transfer refers to the accumulation or assimilation of the new knowledge transfer in the receiving unit (Bresman, Birkinshaw, & Nobel, 1999). The aforementioned Chinese informants' requests are in line with Gupta and Govindarajan's (2000) implicit know-how and procedural knowledge, including marketing and distribution know-how, packaging-design technology, along with product, process and purchasing designs, management systems and procedures etc.

The Chinese Metso informants told that the majority of the equipment and services are provided by Metso's two workshops and three service centres in China. They also mentioned that the design engineering, localized management, the use of knowledge experts, on-site diagnosis, and that the entire technology and software transfer is extremely slow. Thus, according to the outcome of knowledge transfer (Fenton-O'Creevy et al., 2007, p. 107), Metso in China is at the transfer stage, which means that it has a high internationalization with lower customization.

It was clear that cultural difference did have some impact on "transfer" outcomes (Gooderham, 2007). One Finnish sales director, who has been working with the Chinese customers for 16 years, said the following “the Chinese legal system is underdeveloped, particularly in terms of IPR. In addition, the manufacturing process has turned into the numerical control systems. A huge amount of professional IT specialists on the Chinese market can easily utilize the existing and commonly available information from Internet and other sources to copy everything they need.” Some also mentioned that lay-off in Finland might be the reason why Metso headquarter has not fully transferred the technology and knowledge to its subsidiaries.

Enhance knowledge transfer in MNCs

Gooderham (2007, p. 40) suggests the use of a conceptual model (Fig.4.8) to enhance knowledge transfer in MNCs. The model proposes that a successful leveraging of know-how transfer across MNCs is directly dependent on the development of the relational dimension of social capital characterised not the least by trust. The knowledge transfer is also a part of the degree of structural social capital and cognitive social capital that have been developed.

Nahapiet and Ghoshal (1998) argued that social capital theory provides a sound basis for identifying the capabilities with the organizations are uniquely equipped to develop the knowledge sharing. The relational dimension of social capital refers to the personal relationships with such concepts as trust, obligation, respect and even friendship, which together increase the motivation to engage in knowledge exchange and teamwork (Gooderham, 2007, p. 37).

According to Nahapiet and Ghoshal (1998), the cognitive dimension refers to the shared interpretations and systems of meaning; and to shared languages and codes that provide the foundation for communication. The degree of cognitive social capital has a positive relation with the level of relational social capital between these units. The structural social capital refers to the network ties, which facilitate social interaction and stimulate the development of the cognitive and relational dimensions of social capital.

There is a consensus across disciplines that the trust and reciprocity as forms of social capital are critical for our society. Trust and reciprocity are integral elements in economic transitions between companies, customers and retailers, and between employers and employees, which also determine the economic performance. Trust is dynamic and vulnerable, and plays a crucial role in relationship building (Buchan, Johnson, & Croson, 2006).

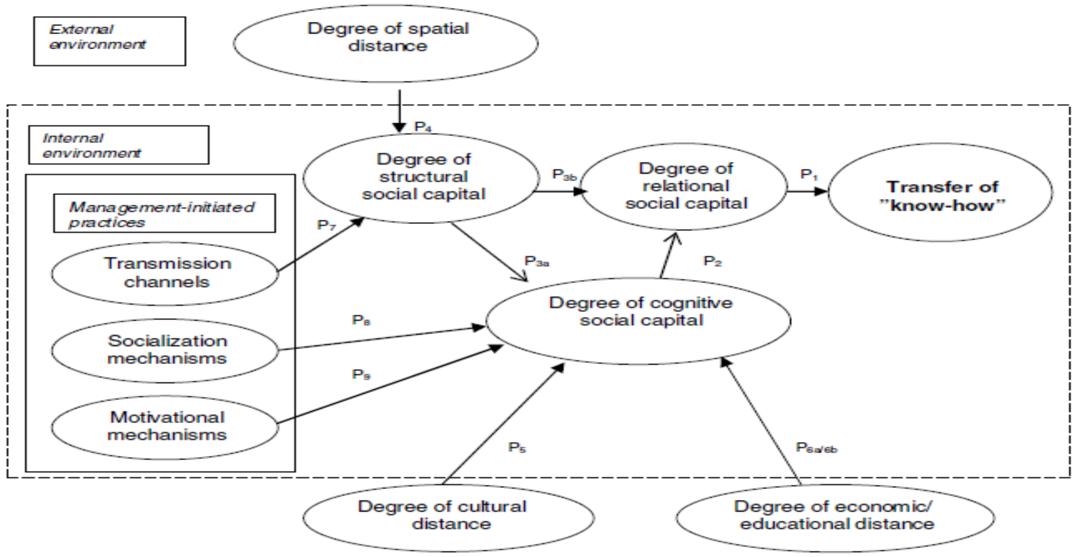

Figure 4.8 A dynamic driven conceptual model of the determinants of knowledge transfer in MNCs

(Gooderham, 2007)

Hence, it is wise for Metso to consult Gooderham's (2007) conceptual model to enhance the technology and knowledge transfer from Metso Finland to Metso China. Meanwhile, the company must expand its transmission channels by organizing diversity training and job transfers designed to help the employees working effectively with a diverse workforce. Metso also needs to become aware of the group-based differences among employees, and to decrease the negative stereotyping and prejudice. Supplementing these training initiatives is the design of performance appraisal that enables individuals to reflect on behaviours that are inconsistent with the shared corporate goal (Björkman, Barne-Rasmussen, & Li, 2004). In addition, Metso needs to adapt its motivational mechanisms, which comprise the tangible incentives to reward those behaviour outcomes that enhance knowledge sharing.

Furthermore, it is worth mentioning that Metso headquarter is already aware of this internal barrier in terms of technology and knowledge transfer. Under the guidance of Metso, at the moment, another thesis researcher is conducting research and collecting data on this issue in China.

4.4 Summary of the Findings

Through interviewing 16 regular customer informants and three potential new customer interviewees, this study found that the Chinese papermakers expect Metso to react quickly on their existing problems; and rebuilding and/or upgrading to reduce the operational costs. A customized, continuous and closer follow-up to the customers' PMs is required, in addition to the strategic partnership and reliable references.

Perceptions of	Regular customers	Potential new customers	Metso representatives
Needs	Fast solve the existing problems; rebuilding and/or upgrading to reduce the operational costs.	Utilize the suppliers' latest technology and the customers' existing parts as much as possible.	Metso, its salespersons in particular, has understood the Chinese customers well, but there is a small gap on whether the Chinese customers WTP a relatively higher price for HSE or not.
Supplier selection criteria	Cost efficient性价比and the technology level	Reputation and price	
Guanxi	Does not affect much	Does not affect much	
Metso's current marketing stimuli	Too general, never mentioned its disadvantage, not customized	More detailed specification	
Most desired marketing contents	Latest technology to reduce the operational costs; customized and direct promotion.	Latest technology and Chinese version	
Opti Rebranding	The renewed contents of the new Opti	Did not ask (Positive attitude towards OptiSizer Spray)	
WTP for HSE	WTP reasonably higher	Not yet ready	Not WTP
Reference importance + cost-efficiency solutions for rebuilding + guanxi does not affect much in selecting a supplier +the renewed Opti content is more crucial			

Figure 4.9 Summarey of the findings

In addition, the primary supplier selection criterion for the Chinese papermakers is cost-efficiency (性价比), and the technology level, service capacity, delivery time and references are also important factors in this aspect. Since the majority of the Chinese papermaking companies are private enterprises, in addition to the organizational structure becomes more transparent. The decision-making involves a large number of people. Thus, guanxi does not have much influence on the large investments, such as a PM project. However, guanxi does become a crucial supplier selection criterion if the suppliers' technology, price and quality are at the similar level.

Referring to the customer informants' perceptions of Metso's current marketing stimuli, it is good that there is no technical-related barrier, but the content is too general, as Metso never mentioned its product disadvantages during the promotion. The marketing materials are not customized and are sometimes over-promoted. In addition, Metso presenters might sometimes skip some unfamiliar topics. It is more time-consuming in listening to the English-language presentations than the average Chinese presentations. The "Result" magazine content sometimes lags behind and some has not even reached the recipients. Still, Metso has more detailed specifications in comparison to the other competitors. Moreover, Metso's sales promises can mostly be achieved, but a gap between the sales promises and reality does exist in some projects. Furthermore, Metso's marketing materials are more or less similar to Voith's, except that Voith uses more Chinese salespersons to communicate with the customers.

Meanwhile, the informants strongly expected marketing stimuli to be: the latest technology for rebuilding and/or upgrading to reduce the operational costs, along with the improved cost-efficiency, energy saving, eco-friendliness and safety, the fastest ROI, in addition to the professionally translated Chinese materials, and reliable references with holistic, customized and directly promote to the customers.

In addition, the customer interviewees did not know the detailed differences between the Opti, Sym and Val brands. Nevertheless, they have noticed that there is an obvious difference in terms of price and technology level, and that Opti is definitely better and more expensive than Val. In addition, they are not much concerned about the name changes, but emphasize more the renewed Opti values.

Furthermore, the informants highly suggested that Metso to first internally clarify the concept of Opti rebranding internally, and then fully prepare itself with the likelihood of the occurrence questions about rebranding background such as rebranding backgrounds and the differences in comparison to the previous brands. It is clear that Metso has to highlight the proven technology for rebuilding and/or upgrading to reduce the operational costs, and it is particularly important to emphasize the cost-efficient, customized, safety-related and eco-friendly features. Meanwhile, Metso also needs to pay special attention to the holistic and detailed promotion of these renewed values; in addition to the sufficient technical data backups; and to utilize the various channels to promote Opti rebranding.

To sum up (Fig. 4.9), Metso, and its salespersons in particular, has understood the Chinese customers well, but there is a small gap on whether the Chinese customers are

WTP a reasonably higher price for HSE or not. In addition, if there is an internal barrier, it is most likely caused by the technology and knowledge transfer between Metso Finland and Metso China. In terms of Opti rebranding, the Chinese customer takes little notice of the name changes, but emphasizes the renewed and tangible values. Moreover, in China, guanxi might be crucial in choosing a supplier if the price and quality at the similar level, however, the Chinese customer values the cost-efficiency, technology level and references than guanxi.

5. Discussion

On the basis of the findings presented above, this chapter will propose some marketing implications for Opti rebranding and for Metso in general. The data validity and limitations will also be discussed, in addition to some suggestions for future research.

5.1 Marketing Implications for Opti Rebranding and Metso

The main purpose of this study is to assist Metso in effectively promoting the Opti rebranding in the Chinese market. This chapter will thus focus on the implications for the development and promotion of the new Opti, and then will deduce the implication for Metso in general.

5.1.1 The development and promotion of the new Opti

The Opti rebranding strategy integrates the theories of Keller's brand hierarchy (2008) with Kotler and Philip's product hierarchy (2006). This study explored the Chinese papermakers' value hierarchy (Fig 4.1), which is closely linked to their job-to-be done theory (Ulwick, 1992). Hence, it is suggested that Opti repositioning should combine the Chinese papermakers' core functional job/benefits as a POD, such as the holistic supply scope with the proven technologies for rebuilding and/or upgrading in order to reduce the operational costs. It is particularly important for the new Opti to build customer-based brand equity and to manage it consistently over time (Keller, 2008).

This study also found that the Chinese customers are confused about Metso's current Opti, Sym and Val brands. They highly demand the products, which have the quality of Opti with the price of Val. It is consistent with the Opti rebranding concept, which expands to the mid-market with the lower total cost of ownership (Metso Internal, 2012). The study further shows that the Chinese customers take little notice of the product name change, but emphasize the renewed tangible values of the new Opti.

It is thus wise for Metso first to internally clarify the concept of Opti rebranding. The renewed Opti must capture the customers' benefits (fig. 4.1) and emphasize the renewed content and/or customer values. The promotion of the new Opti should highlight the proven technology for rebuilding and/or upgrading to reduce the customers' operational costs. It should particularly emphasize the cost-efficient, safety-related and eco-friendly solutions with the fastest ROI. It is also necessary for the new Opti to have the sufficient and detailed technical data to back up those aforementioned benefits.

Moreover, in order to convince the customers that Opti rebranding is not a so-called concept stealing, the renewed Opti must contain some noticeable differences (Weber, 1834) in comparison to the previous Opti, Sym and Val brands. Hence, Metso must be fully prepared to clarify the background of rebranding, and the difference between the renewed Opti and the previous three brands. Meanwhile, in order to eliminate the customers' cognitive dissonance (Festinger, 1962), to maintain the corporate reliability and trustworthiness (Keller, 2008), and to establish the trust in the commercial context, it is wise for Metso to promote the facts of the renewed Opti openly and honestly.

In addition, the Chinese PM operators, particularly in the small and medium-sized enterprises, are not good at English language. It is suggested that Metso's marketing stimuli should be translated by using the professional Chinese terminology. The Chinese consumers rely on the visual representations, visually distinct brand name writings or calligraphy and logo designs that enforce the effectiveness of the writing part (Mooij, 2010). Moreover, Metso should compile a list of some successful and reliable references to reduce the financial risks and uncertainties perceived by the Chinese customers (Stuart et al., 2007), and also utilize the various marketing channels to promote the renewed Opti.

It is thus highly recommended the new Opti R&D designers and marketers should adapt a customer-oriented SDL (Lusch et al., 2007) and customer experience CRM (Shaun & Wheeler, 2002), in order to empower the customers to get involved with the new Opti developing process and to co-create their most-desired values together, while enhancing the customers' experience in every stage of the service blueprinting in order to maximize their loyalty towards Metso.

5.1.2 Implication for Metso

The Chinese papermaking industry is facing an excess capacity with a slight profit margin (First Financial Daily, 2013). In order to reduce the operational costs, the

Chinese papermakers highly expect the rebuilding and/or upgrading the current production lines (Qian, 2013). The previous large bases installed by Metso provide a great opportunity for the company to develop the service market, such as optimizing the aging equipment, providing the spare parts, maintenance service and so on.

Despite this study shows that the cost-efficiency is the most crucial determining factor for the Chinese to select a supplier, guanxi does not affect much when the competing products differ greatly, but that it does play a large role when the suppliers' offerings are very similar. It is corresponding with the aforementioned conclusions, which are based on Keller and Armstrong (2012). According to Venetjoki et al. (2011), Metso and Voith share similar customer relationship: slow response to the customers' existing problems. This study also confirmed that Metso and Voith as the top two PM suppliers perceived by the Chinese papermakers.

In addition, Worm (1997) also states that a good guanxi can facilitate the business process in China to some extent. Since guanxi is dynamic and transferable (Worm, 1997), it is thus wise for Metso to be a first-mover by adapting the customer-oriented SDL; react fast towards the customers' existing problems; to co-create value together with them and so on. These actions will most likely facilitate a good guanxi with the customers. Since China is a hierarchical state (Hofstede & Bond, 1984), Metso needs to put a special effort on cultivating guanxi with those decision-makers and influencers in the demand/supply chain (Harryson, 2000).

Moreover, according to Shaun and Wheeler (2002), service is connected to customer experience and has the cognitive, effective and behavioural reactions associated with the specific service event. The total customer experience is influenced by service quality and the ultimate value along with the brand itself, and also affects the preferences and loyalty. The entire Metso employees should focus on the common goal of creating an integrated, memorable and favourable customer experience. Service blueprinting provides a guideline for service innovation, such as physical evidence, customer actions, visible onstage contact employee actions, invisible backstage contact employee actions, support processes and physical evidence (Bitner et al., 2007). It is advisable for Metso to develop the customer experience-based CRM to enhance their experience in each component of service blueprinting, and to provide a fast response to their existing problems.

Hence, Metso R&D engineers and designers should visit the customers' mill sites often to investigate the equipment status, discuss together with the PM operators, and then combine the end-users' experiences to develop more user-friendly and practical machine parts. Metso is now nominating a key account manager, which aims at providing a customized, continuous, dual and closer follow up to its key customers (Metso, 2012). Those key account managers assist Metso in offering a customized and fast solution to the customers' needs. It will most likely facilitate a well-received cooperation and lead to a strategic partnership to some extent, while it also impacts a positive WOM that might largely spread among the Chinese papermakers, and serves as a proper and representative reference marketing to support Metso's business development.

Furthermore, this study also found that there is a technology and knowledge transfer barrier between Metso Finland and Metso China. It is suggested that Metso consults Gooderham's (2007) conceptual model to enhance the internal technology and knowledge transfer, such as by conducting the diverse internal training programmes, and establishing the social and motivational mechanisms to increase the degree of employees' cognitive social capital to enhance the knowledge sharing.

5.2 Validity and Limitations

Patton (1996) states that any qualitative researcher should be concerned about validity and limitations while designing a study, analysing the findings and judging the quality of the study. Validity refers to the extent, which any measuring instrument measures what the study intended to measure (Carmines, 1979), including the internal validity and external validity. Since this study did not apply a cause-effect or causal relationship in terms of internal validity, but instead aimed at finding out the approximate truth of conclusions through the generalizations. This chapter will thus focus on the sampling selection to describe the external validity and limitations of the research data.

5.2.1 Validity

This study interviewed 19 Chinese customers in total (including the pilot study, see fig. 3.2). The interviewed companies included one of Metso's potential new customers (three capital managers) and six regular customers (one maintenance manager, three capital managers and 12 production managers). All of the sample work for private enterprises, which ranges from one foreigner-owned company and two Metso's key customers, in addition to four medium-sized local Chinese companies. Hence, the data represents Metso's business in China, and it is particularly representative for the growing mid-market.

During the interview, the researcher kept in mind Hoyer and Maclnnis' (2010) notion that human behaviour can be motivated by self-interest. The researcher concludes herself as a mediator, who expected to conduct the real academic qualitative research. In order to motivate the informants to express themselves openly and honestly, she also told them that she would reflect their existing problems and/or needs, and to rapidly forward the information to Metso later on. The study also offers a good opportunity for Metso to listen to the voices of its Chinese customers, and remedy some undiscovered service aspects to enhance the customer experience. In terms of avoiding misunderstandings related to the informants' first languages and making uncorrected assumptions, and add more reliability to the data, the researcher used the method of audio-recording, member checking that was provided by the participants or the accompanying Metso sales managers.

Moreover, the majority of the decision-makers and influencers in the Chinese papermaking industry are male (Metso Internal, 2012). The interviewees with the Chinese customers are selected from the sales meeting participants, who have the highest job titles. In addition, all participants in the sales meetings are male, and thus all the informants selected in this study are male, such as capital managers, production managers and maintenance managers at mill level. These people are most likely the decision makers or influencers in a company. Thus, the data is particularly representative for the male capital managers and production managers at the mill level.

5.2.2 Limitations

Women gradually increase their roles in the Chinese business context, particularly in the family-based enterprises and they highly affect the final decision-making. One survey also showed that mainland Chinese women are in the top of the world in terms of holding the senior management positions in business (Grant Thornton, 2013). Compared to the constraints of the practical access abilities, this study does not express the female decision-makers or influencers' points of view in the Chinese papermaking industry.

In addition, the majority of the sales meetings involved in this study were in the pre-sales phase, and the maintenance managers were rarely involved in this process, or they might not that influential in comparison to the capital and production managers. This research thus only interviewed one maintenance manager, which, understandably, does not represent all the maintenance managers in China.

Moreover, in a hierarchical private-owned Chinese enterprise, the employees are authorized to express their true feelings (Gao et al., 1996). Such aforementioned applies to the PM operators, who have limited knowledge and less influence in decision-making, and they were thus not included in the study group. However, different opinions might arise inside the operational level according to their different interests in comparison to the capital and production managers.

Furthermore, Metso internal interviewees are mainly selected from sales and service department, and have an average 15 years working experience with the Chinese customers, including six Chinese and six Finns in total. Those informants also share frequent contacts with the customers, and understand the customers' needs better, and vice versa. Since the sales, project management and the after-sales service are separate systems in Metso (Metso Internal, 2012); the R&D designers, who are less involved with the Chinese customers, might have different perceptions towards the Chinese customers in general.

According to Deutscher and Pestello (1993), the difference between people's words and deeds means that an interview happens in a particular situation, and the interviewer cannot assume that what a person said during an interview is what that person really believes, or will say or do in another situation. One study also found that the Chinese consumers express a positive ecological attitude and green purchase intentions, but their ecological knowledge is low and actual green purchase behaviour is minimal (Chan & Lau, 2000). It is thus suggested that Metso should pay serious attention on the regular customers' WTP a higher price for HSE features.

Finally, one of Metso's "five must-wins" emphasizes capturing the emerging markets (Metso, 2012), and it should be noted that culture is a diverse and dynamic concept, which means that the customers from neighbouring countries around China, such as from India and Thailand, are most likely behave differently towards Opti rebranding than found in this study. The additional effort should also be made in terms of the other Finnish B2B MNCs to rebrand its offerings in the Chinese market.

5.3 Suggestions for Future Research

The informants in this study stated strongly that Metso never talks about the product disadvantages in its marketing stimuli. However, every product has its advantages and drawbacks. A study on how the marketers should appropriately speak out its product drawbacks, while still attracting the consumers' interests without decreasing the sales or damaging the corporate image, will be very useful.

As mentioned earlier, the digital devices attract the consumers' eyes, particularly for the younger generations because of its economical, modern and convenience figures (BISG, 2012). This is a huge challenge for the papermaking industry, and indirectly affects the PM suppliers. Hence, the study on how the paper industry can tackle this existing challenge in a certain country can be very valuable for Metso.

Metso launched OptiConceptM line in 2011. M represents modularity and is a new standard for papermaking. It combines the advantages of standardization and modular tailoring, which are specifically designed for the growing mid-markets, and ensures the maximum efficiency with the minimal operating cost (Mattila, 2011). The first OptiConceptM Liansheng PM6 started up smoothly in December 2012, and Metso plans to put more R&D investment on modularity development (Metso, 2012). Hence, a study on to what extent the modularity will guide the papermaking industry in a specific emerging country will be crucial for Metso.

In addition, 44% of Metso's sales were generated from service in 2012, and the figure has increased by 11% in comparison to 2011 (Metso, 2012). Vargo and Lusch (2004; 2006) suggest that service increasingly expands its role in the global supply chain business. Thus, a study on how Metso could adapt the SDL from the customer experience's perspective instead of the previous product distribution dominant logic will be very useful. Such as how the company should focus on the closed R&D collaboration with the existing and potential customers, in addition to the customized customers' needs and so on.

Lastly, the reference marketing plays a very important role in the Chinese papermaking industry. Therefore, answering the question how to attract and leverage a reputable and reliable Chinese papermaking enterprise in practice will be particularly helpful for Metso.

6. Conclusion

Metso is a global supplier of technology and services in the pulp and paper process industry, and it focuses on delivering profitability and sustainability to the customers. Metso currently provides 136 products under three main brands: Opti, Sym and Val (Metso, 2012). A pre-study (2012) showed that people perceive Opti as more expensive series with the latest and/or highest technology, while Val is relatively cheaper with the comparably simplified and lower technological configurations, with Sym somewhere in between Opti and Val. However, the inconsistent and illogical mixture among these three brands to some extent has been confusing Metso internally and its customers externally. For instance, ValZone metal belt calendar is one of Metso's top quality and most expensive products, and is branded with Val.

In order to clarify Metso's brand strategy and to identify what Opti stands for, Metso is rebranding its new Opti product families according to the theories of Keller's (2008) brand hierarchy and Kotler and Philip's (2006) product hierarchy. The new Opti product families will be Metso's sole brand to unify its previous three brands, and to reposition and modularize Metso's selected offerings in each PM section level, in order to capture the growing Chinese mid-market under a lower total cost of ownership.

The research questions are clearly defined by Metso: how do the Chinese customers perceive the Opti rebranding and how does guanxi affect the Chinese papermakers when selecting a supplier, in addition to how Metso should effectively promote the renewed Opti in the Chinese market.

In order to assist Metso in effectively rebranding the new Opti, the Opti rebranding must be tied to the Chinese papermakers' various jobs-needed-to-be-done (Ulwick, 1992) and to their aligned hierarchical values. Moreover, the new Opti must integrate Metso's PODs and POPs while eliminating its POIs on the basis of the SWOT analysis (table 1.1). Furthermore, Metso needs to put a special effort into the brand building blocks in order to establish a strong CBBE for the new Opti, and to manage this brand concept consistently over time.

The prominent phenomenon within the same culture is interdependent, interrelated and affect each other (Morutan, 2009). In order to explore how guanxi affects the Chinese papermakers when selecting a supplier, the related literature included the concept of guanxi, Chinese national culture, the concept of face, Chinese communication styles and yinyang approach. As a customer is the only reason for the business to exist (Cova et al., 2002, p. 103), customer reference marketing and customer experience-based CRM provide a framework for Metso to develop a customer-oriented service blueprinting model. Furthermore, it is also wise for Metso to adapt the customer-oriented SDL to co-create value together with its customers, and to leverage the diverse operant resources to gain competitive advantage for the company. Metso particularly needs to improve the customer-centric marketing, SPIN selling, the customer-experienced CRM and R&D.

For Metso to be able to effectively promoting the new Opti in the Chinese market, it is necessary for the company to find out the Chinese customers' needs; their supplier selection criteria; guanxi's role in the supplier selection; the customers' perceptions of Metso's current and the most-desired marketing stimuli; in addition to their perceptions of the current Opti, Sym and Val brands; and attitudes towards Opti rebranding. Therefore, the researcher applied semi-structured, in-depth face-to-face participant observation and qualitative interviewing research method to answer the aforementioned questions.

It is worth mentioning that in order to facilitate a field study on the Chinese customers, while exploring how well Metso has understood its Chinese customers in general, the researcher pre-interviewed six Chinese and six Finnish Metso employees. The informants included two capital managers and four service managers, in addition to six salespersons. All of them have an average 15 years of work experience with the Chinese customers.

Moreover, this study interviewed 19 (including the ones in the pilot study) male Chinese papermakers, including one maintenance manager, six capital managers and 12 production mangers at the mill level, as they most likely have more influence on the decision-making process. The informants ranged from one of Metso's potential new customers to six regular customers (two Metso's key customers, and four medium-sized enterprises). They can also be classified as one foreign-owned enterprise and six local Chinese papermakers. Thus, the data represents Metso's business in China.

Nevertheless, due to the practical restraints, this study does not stand for the female decision makers', maintenance mangers' and operators' points of view in the Chinese papermaking industry.

In order to encourage the informants to talk openly and to capture their real feelings towards the research questions, the researcher clearly introduced herself as an academic researcher and mediator, who will forward their existing problems rapidly to Metso. Moreover, to ensure data reliability, all interviews were audio-recorded, and translated from Chinese into English, and checked by interviewees or accompanying Metso salespersons.

The researcher manually analysed all the interviews and kept the informants' anonymity in her mind. She also classified the interviewees into four categories: Metso's regular customers, potential new customers and Metso internal representatives (Metso Finnish employees and Metso Chinese employees). Afterwards she selected the most-mentioned representative data as the findings of this study.

This paper explored the Chinese papermakers' value hierarchy (Fig 4.1), which is closely linked to the jobs-to-be done theory (Ulwick, 1992). It is thus suggested that Opti rebranding should combine the Chinese papermakers' core functional jobs and benefits as a POD, including such things as the holistic supply scope with the proven technologies for rebuilding and/or upgrading projects in order to reduce the operational costs. It is particularly important for the new Opti to build the customer-based brand equity and to manage it consistently over time (Keller, 2008).

This study also found that the Chinese informants did not know the detailed differences between Metso's current Opti, Sym and Val brands. However, they believed that Opti has an obvious better quality and is more expensive than Val. They highly demanded the products, which possess the quality of Opti with the price of Val. This demand is consistent with the concept of Opti rebranding, which expands to the mid-market under the lower total cost of ownership (Metso Internal, 2012). Referring to Opti rebranding, the interviewees take very little notice of the name changes, but emphasize the tangible renewed values. Moreover, in China, guanxi might be crucial in choosing a supplier when the suppliers' price and quality are at a similar level, while the Chinese customers mostly value cost-efficiency, technology level and reliable references when it comes to selecting a supplier.

This study also proved that Metso, and its salespersons in particular, has understood the Chinese customers well, but there is a small gap in terms of the Chinese customers' willingness to pay for HSE or not. The study shows that the regular Chinese customers are mostly WTP a reasonably higher price for HSE if they can get a tangible benefit in return, which contradicts with Metso employees' opinions. In addition, if there is an internal barrier inside Metso, then it is most likely caused by the technology and knowledge transfer between Metso Finland and Metso China.

Thus, be combining all the findings from the aforementioned research areas, we can conclude that it is highly recommended for Metso to first internally clarify the Opti rebranding concept, and then fully prepare itself with the likelihood of the occurrence questions about rebranding background, the customer segments in terms of Opti, Sym and Val, in addition to the differences between the renewed Opti in comparison to the previous three brands and etc. Moreover, the renewed Opti must capture the customers' benefits (Fig. 4.1) and emphasize the renewed content and/or customer values. Metso should highlight the proven technology for rebuilding and/or upgrading projects to reduce the customers' operational costs, and particularly point out the new Opti's cost-efficiency, customization, safety and eco-friendliness etc. Metso also needs to holistically promote these aforementioned values in a professionally translated Chinese language with the sufficient technical data backups.

Furthermore, in order to reduce the Chinese customers' perceived financial risk and uncertainty (Stuart et al., 2007), it is suggested that Metso utilizes the various marketing channels and some reliable references to promote the Opti rebranding in the Chinese market. Finally, in order to eliminate the customers' cognitive dissonance (Festinger, 1962), and to maintain the corporate reliability and trustworthiness (Keller, 2008), it is particularly important that the renewed Opti truly possesses those aforementioned advantages, which can deeply persuade and motivate the Chinese customers to go for the new Opti.

This paper also proposed some suggestions for future research, such as how a marketer should speak out its product drawbacks without affecting the company's potential sales, how to tackle the electronic devices' challenges against the printed media, the likelihood future development of the PM modularity, and how Metso should adapt the SDL gradually and leverage a reputable reference in practice.

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Appendices

Appendix I: Questionnaires for Pilot Interviewing of Opti Rebranding (English Version)

You are privileged to be the first to hear about Metso's latest offering!!!

Introduction

Introducing the present participants and the background of this study:

"The purpose and objective of this interview is to **gather the customers' feedback on Metso's marketing stimuli of the renewed OptiFlo and OptiSizer, align Metso's offering with the customers' mindset, deliver the expected result from the customers' perspective and two together to achieve the success.** Your time is highly appreciated and your participation warmly welcomed.

The semi-structured face-to-face interview is applied in this study, which means that the researcher would love to discuss the **listed topic**, in addition to **the most important issues to you at the moment and in the future.** Therefore, there are no right or wrong answers, and we are **particularly interested in the personal opinions.** All the information you provided will be **confidential** and all data will be analysed in a way that no individuals can be recognized from the results."

I would love to ask your **permission for the confidential audio recording** and strongly encourage you to **express your thoughts straightforwardly, honestly and openly in order to improve Metso's offerings to serve you in your most-expected way.**

1. **Interviewee's background information**

Company: Name: Professional titles:

How long have you been working in this position?

2. **General perception of Metso**

a) Metso is eager to listen to your voice. What are the most important things for you at the moment and what Metso can do to help you (Price, quality, technology)?

b) How well has Metso met your expectations regarding PM3? (Unacceptable-1; Poor-2; Average-3; Good-4; Excellent-5) (What is the main communication barrier between your company and Metso?)

3. **Perceptions towards Metso's sales presentation**

a) What do you think about this Metso's sales presentation? (Interesting? How about its language and visual image? Easy to follow? Who are normally involved in your company?)

b) What do you most-expect to hear from Metso's sales presentation? (Resource efficiency, energy saving and productivity, new technology?)

c) How have Metso's sales promises been fulfilled in PM3? (Is there any gap between promises and reality and how often does it occur? Does the customer understand the gap? Please specific)

d) To what extent does the sales presentation affect you to choose a supplier? (The top five supplier selection criteria, the role of guanxi in this?)

4. **Attitudes towards Metso's Opti product families' rebranding**

a) How do you feel about the product names in PM3? (Too many different names? Easy to handle?)

b) What is your first impression of Metso's OptiSizer Spray?

c) What are your expectations of it?

5. Additional questions

a) Where do you usually search for Metso's offerings? (Area sales managers? Metso's Website?) And which kind of information do you expect from Metso's Website?

Thank you for your valuable participation and wish you a successful 2013!!!

Appendix II: The Findings of the Pilot Interviewing

- 1. Informants' background: one has been an engineer for seven years, while the other one has 17 years of work experience and currently working as a vice manager at the paper mill for one year.
- 2. General reception of Metso:
  - Both expect Metso to react from the customers' perspectives, focusing on runnability, energy efficiency, cost saving, improving productivity, solving the existing problems and developing the user-friendly solutions.
  - Ji'an PM3 rates four out of five. Metso's service is good in general, but the company needs to improve the quality and automation-related aspects, which have been reflected to Metso already.
- 3. Perceptions towards Metso's sales presentation
  - They rarely participated in the sales presentation, did not get involved in the sales much and they did not know what Metso's original sales promises were.
  - The language is not a problem for them to understand this presentation because of the drawings and layout used.
  - They expect a holistic presentation in terms of the products' advantages and disadvantages.
  - Cost-efficiency is crucially important in selecting a supplier. Guanxi does help the product promotion, but does not surpass price in determining a supplier.
  - Sales presentation is more for understanding an offering, and does not have much effect on selecting a supplier.
  - Metso's R&D needs to combine other configuration parts in practice.
  - Presentation should focus on solving the customers' existing problems.
- 4. Attitudes towards Metso's renewed Opti Product families:
  - Understood the new Opti product families as Metso's branding strategy, the renewed products will be different from the previous ones, did not realize the differences of these three brands before. The name changes did not affect them much.
  - First impression of OptiSizer Spray: the technical respondent was keener and interested, while the other participant was more worried. Both of them felt it

might be problematic in practice.

- 5. Additional questions
  - They rarely visited Metso’s Website and expected the company to contact them via e-mail. Suggested that Metso’s renewed Website should provide the solutions (information) of their currently existing problems and Metso’s contact information.
  - They received Metso’s product information either from their work experience or the peers’ WOM from other paper mills, or Metso’s promotional/sales meetings.

Appendix III: Semi-structured Questionnaires for Metso Finland Representatives of Opti Rebranding

Introduction

Introducing the present participants and the background of this study:

"The purpose and objective of this interview is to **gather your professional feedback on how Metso should effectively promote Opti rebranding in the Chinese market, to joint-design the most appropriate customer interview questionnaires, align Metso's offerings with the customers' mindset, and to deliver the most expected results from the customer experience perspective**. Your time is highly appreciated and your participation warmly welcomed.

The semi-structured face-to-face interview is applied to this study, which means I would love to discuss the listed topics, in addition to the most important issues to you at the moment and in the future. Therefore, there are no right or wrong answers; we are particularly interested in your personal opinions. All the information you provided will be **confidential** and all the data will be analysed in a way that no individuals can be recognized."

I would love to ask your **permission for the confidential audio recording** and strongly encourage you to express your thoughts **straightforwardly, honestly and openly** in order to improve Metso's offerings and serve the customers in the most expected way.

1. Interviewee's background information

Name: Gender: Professional titles:

a) How long have you been working in this position? (Years of experience with the Chinese? The most distinct aspects of Chinese culture in comparison to Finnish Culture?

b) Metso's position in China and SWOT analysis?

2. General Perception of the Chinese customers:

a) What do you think the Chinese customers want from Metso? How well has Metso understood the Chinese customers' needs?

b) What is the most noticeable communication barrier for Metso and its customers? And what is the barrier between Metso Finland and Metso China?)

c) What do you see as the top five criteria for the Chinese customers in selecting a supplier?

3. Perceptions towards Metso's sales presentation

a) As a professional and well-experienced Metso sales manager, what kind questions do you suggest me to ask from our Chinese customers?

b) What is your opinion of Metso's current sales presentation?

c) What do you think about the customers most-expect to hear from Metso's sales presentation?

d) How have Metso's sales promises been fulfilled in the projects to which you have been involved?

e) To what extent does the sales presentation affect the customer to choose a supplier?

4. Attitudes towards Metso's new Opti product family

a) How do you feel about Metso's Opti, Sym and Val brands?

b) What is your first impression of rebranding Metso's Opti product families'?

c) What are your expectations of it?

d) How do you think Metso should best promote the new Opti to the Chinese customers?

5. Additional questions

a) Opinion on Metso's Website, where should Metso focus on updating the Website?

Thank you for your valuable participation and wish you a successful 2013!!!

Appendix IV: Semi-structured Questionnaires for Metso China Representatives (English Version)

Introduction

Introducing the present participants and the background of this study:

"The purpose and objective of this interview is to **gather your professional feedback on how Metso should effectively promote Opti rebranding in the Chinese market, and joint-design the most appropriate customer interview questionnaires, align Metso's offerings with the customers' mindset, and to deliver the most expected results from the customer experiences perspective**. Your time is highly appreciated and your participation warmly welcomed.

The semi-structured face-to-face interview is applied to this study, which means I would love to discuss the listed topic, in addition to the most important issues to you at the moment and in the future. Therefore, there are no right or wrong answers; we are particularly interested in your personal opinions. All the information you provided will be **confidential** and all the data will be analysed in a way that no individuals can be recognized."

I would love to ask your **permission for the confidential audio recording** and strongly encourage you to express your thoughts **straightforwardly, honestly and openly** in order to improve Metso's offerings and to serve the customers in the most expected way.

1. **Interviewee's background information**

Name: Gender: Professional titles:

a) How long have you been working in this position? (Years of experience with the Finns, the most distinct aspects of Finnish culture in comparison to Chinese culture?)

---

2. General Perception of Metso and the Chinese customers:

a) Metso's position in China and SWOT analysis?

b) What do you think the Chinese customers want from Metso? How well do you think Metso has understood the Chinese customers' needs?

c) What are the most noticeable communication barriers for Metso Finland and Metso China, Metso and the Chinese customers?

3. Perceptions towards Metso's sales presentation

a) As a professional and well-experienced Metso's sales manager, what do you suggest me to ask from the Chinese customers?

b) What is your opinion of Metso's current sales presentation?

c) What do you think that the Chinese customers most-expect to hear from Metso's sales presentation?

d) How do you think the Metso's sales promises have been fulfilled with the project with which you have been involved?

e) To what extent does the sales presentation affect the way that the customers choose a supplier? The top five criteria according to which the Chinese customers select a supplier?

4. Attitude towards Metso's new Opti product family

a) How do you feel about Metso's current Opti, Sym and Val brands?

b) What is your first impression on rebranding of Metso's Opti product families'?

c) What are your expectations of it?

d) How do you think Metso should best promote the new Opti to the Chinese customers?

5. Metso's Website

a) What is your opinion on Metso's Website? Where should Metso focus on in terms of updating the Website?

6. Other comments

Thank you for your valuable participation and wish you a successful 2013!!!

Appendix V: 美卓中国员工对 Opti 产品家庭更新认识的调查问卷

采访者自我介绍

我现在在做关于中国客户对美卓新Opti 产品家庭的认识的调查，也是我在挪威大学里的研究生毕业论文题目。因为中国销售经理与中国客户紧密相连，且更加熟悉中国客户！这次采访主要是收集您的专业经验，关于美卓应该怎么样在中国市场上有效宣传新Opti 产品家庭，以使美卓产品在最大程度上满足中国客户的需求，达到双方共赢的目的。同时，采访采用匿名和保密的形式，希望可以了解到您对以下问题的认识，更加关心对于您来说当前最重要的问题，所以请您畅所欲言。为了确保能够准确地将您提供的宝贵信息反馈给美卓，首先要征求您对整个采访过程中采用录音机的同意，以及采访结束后会通过邮件对您提供的信息双确认的协助！

1. **被采访者的有关信息：**

姓名:　　　　　　　　　　　　职位:　　　　　　　　在此职位上的工龄：

2. **对美卓与中国客户的总体评价**

a) 您认为美卓在中国市场的总体形势，优势，劣势，威胁与机会各是什么？

b）您认为芬兰文化与中国文化的主要区别是什么？主要沟通障碍是（中国美卓与芬兰美卓，芬兰美卓与中国客户？中国美卓与中国客户？）

c) 您认为中国客户最需要美卓为他们做些什么呢？（质量，价格，科技？中国客户有意识到美卓的安全，健康，环保理念吗？愿意接受对此会相对高的价格吗？）

d) 您对美卓在理解中国客户需求方面的评价是？从一到五，五是最高分。

3. **对美卓的销售演讲的评价**

a）作为经验丰富的美卓销售经理，您最希望我问中国客户哪些关于美卓销售演讲的信息呢？那您是怎样评价美卓的销售演讲的呢？（有趣？语言与视觉上的认识？容易理解？美卓演讲人员与听众有足够的灵活沟通？一般客户哪些人员会参加销售演讲？相对于美卓主要竞争者的演讲呢？）

b）您认为客户最希望从美卓的销售演讲中听到关于哪方面的信息？（节能减排降耗及新产品？）

c）您是怎样评价美卓在销售承诺执行方面的呢？（有差距？发生频率？请具体。包括文字或者口头上的承诺）

e) 销售演讲在多大程度上影响客户选择供应商呢？ (客户选择供应商的5大因素是？关系？ 价格？）

4. 对美卓新 Opti 产品家庭的认识

a) 您对美卓现有的 Val, Sym, Opti 产品的熟悉度及怎样理解的呢（科技程度，价格上的不同？）

b) 您对美卓新 Opti 产品家庭的第一认识?

c) 您对其期待是?

d) 您认为美卓应该怎样在中国市场上宣传新 Opti 产品家庭呢？

5. 美卓官网

a) 您对美卓官方网站的评价是?您认为美卓应该在哪些方面更新其官网呢？

谢谢您的参与并祝您一切顺利 ！

Appendix VI: Semi-structured Questionnaires for Chinese customers (English Version)

Introduction

Introducing the present participants and the background of this study:

“The purpose of this visit is to **gather the customers’ feedback on Metso’s Opti product families’ rebranding, align Metso’s offerings with the customers’ mindset, and to deliver the most expected results from the customers’ perspectives and two together to achieve success.** Your time is highly appreciated and your participations are warmly welcomed.

The **semi-structured face-to-face interview** is applied to this study, which means that the researcher would love to discuss the listed topics, in addition to the **most important issues to you at the moment and in the future.** Therefore, there are no right or wrong answers; this study is **particularly interested in your personal opinions.** All the information you provided will be **confidential** and all the data will be **analysed anonymously**.”

I would love to ask your permission for the **audio recording** and strongly encourage you to **express your thoughts straightforwardly, honestly and openly** in order **to improve Metso’s offerings to serve you in your most expected way.**

1. Interviewee’s background information

Name: Gender: Professional titles:

How long have you been working in this position?

2. General perception of Metso

a) Metso is eager to listen to your voice. What do you expect from Metso in general? (Price, quality, technology? Are you aware of Metso’s HSE and willingness to pay a relative higher price for those features?)

b) Please indicate Metso's performance on the latest project with you. How well has Metso met your expectations? (Unacceptable-1; Poor-2; Average-3; Good-4; Excellent-5) (What are the most distinct featuers of Finnish culture in comparison to Chinese culture? What is the main communication barrier between your company and Metso?)

3. Perceptions of Metso's sales presentation

a) Have you ever seen Metso's sales presentation and what is your opinion of it? (Interesting? How about the language and visual image? Easy to follow? Who are normally involved in the sales presentation?)

b) What do you most-expect to hear from Metso's sales presentation? (Resource efficiency, energy saving and productivity? New technology?)

c) How do you think Metso's sales promises have been fulfilled with your company? (Including oral and/or written sales promises, is there a gap between promises and reality? How often does the gap occur? Please specify the gap.)

d) To what extend does the sales presentation affect you in choosing a supplier? (What is your opinion of the top five supplier selection criteria? How about the role of guanxi, quality and price in terms of selecting a supplier?)

4. Attitudes towards rebranding of Metso's Opti product families

a) Are you familiar with Metso's current Opti, Sym and Val brands? How do you feel about these three brands? (Differences, technology level, price…?)

b) What is your first impression of Opti rebranding?

c) What are your expectations of it?

5. The perceptions on Metso's Website

a) Where do you search for Metso's offerings mostly (Metso's sales managers or Metso's Website)?

b) What do you most-expect to see from Metso's Website (product or solution-related information)? Where should Metso focus on in terms of updating the Website?

6. Other comments

Thank you for your valuable participation and wish you a successful 2013!!!

Appendix VII: Semi-structured Questionnaires for Chinese Customers (Chinese Version) 中国客户对美卓新Opti产品家庭认识的调查问卷

采访者自我介绍

我现在在做关于中国客户对美卓新Opti 产品家庭的认识的调查，也是我在挪威大学里的研究生毕业论文题目。

这次采访主要是站在中国客户的立场上，收集您对美卓新Opti 产品家庭的反馈，以使美卓产品在最大程度上满足中国客户的需求，达到双方共赢的目的。同时，采访采用匿名和保密的形式，希望可以了解到您对以下问题的认识，更加关心对于您来说当前最重要的问题，所以请您畅所欲言。为了确保能够准确地将您提供的宝贵信息反馈给美卓，首先要征求您对整个采访过程中采用录音机的同意，以及采访结束后会通过邮件对您提供信息总结的双确认的协助!

1. **被采访者的有关信息：**

姓名: 职位: 在此职位上的工龄：

2. **对美卓的总体评价**

a) 美卓注重倾听您的心声，您希望美卓在哪些方面能为您做些什么呢? （质量，价格，科技？有意识到美卓的安全，健康，环保理念吗？愿意接受对此会相对高的价格吗？）

b) 您对与美卓合作的最近的一个项目的总体评价是？从一到五，五是最高分。(对芬兰文化的认识？主要区别？如果有，主要沟通障碍是？）

3. **对美卓的销售演讲的评价**

a) 您经常参美卓的销售演讲吗？那您是怎么样评价美卓的销售演讲的呢？（有趣？语言与视觉上的认识?容易理解？有足够的灵活沟通？一般哪些人员会参加这个销售演讲？相对于美卓主要竞争者的演讲呢？）

b) 您最希望从美卓的销售演讲中听到关于哪方面的信息？（节能减排降耗及新产品？）

c) 您是怎样评价美卓在销售承诺执行方面的呢？（有差距？发生频率？请具体。包括文字或者口头上的承诺）

d) 销售演讲在多大程度上影响您选择供应商呢？（您选择供应商的5大因素是？关系？价格？）

4. 美卓新 Opti 产品家庭的认识

a) 您对美卓现有的Val, Sym, Opti产品的熟悉度及怎样理解的呢（科技程度，价格上的不同？）

b) 您对美卓新Opti 产品家庭的第一认识?

c) 您对其期待是?

5 对美卓官网的认识

a) 您一般通过那些渠道获得关于美卓产品的信息?（美卓销售人员？美卓官网）

b) 您最希望通过美卓的官方网站获得哪方面的信息？（产品方面还是问题解决方面？）

6 其他建议

谢谢您的参与并祝您一切顺利 ！

List of Appendix Figures

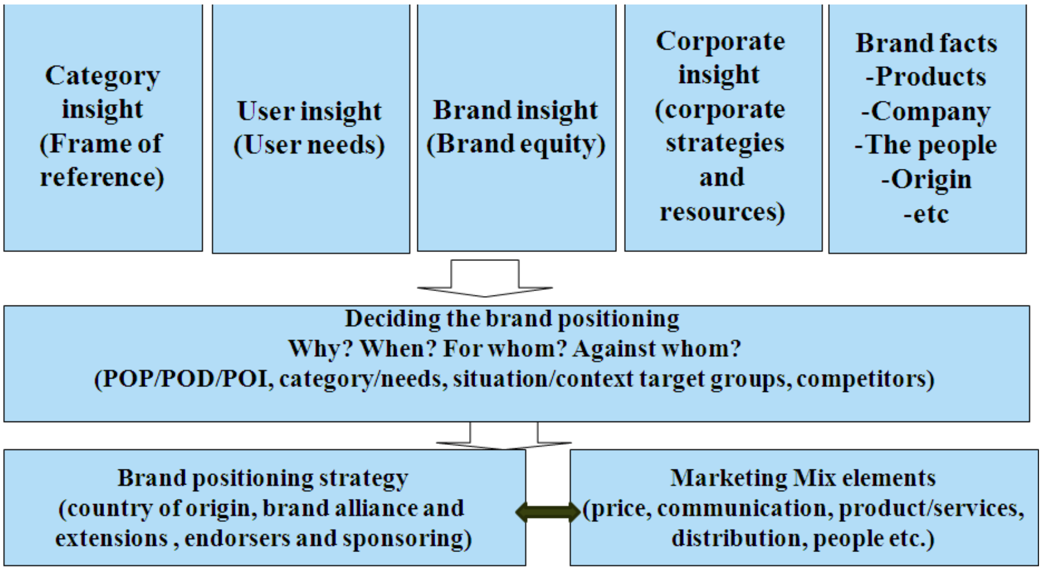

Figure 0.1 Brand positioning process model

(Supphellen, 2012)

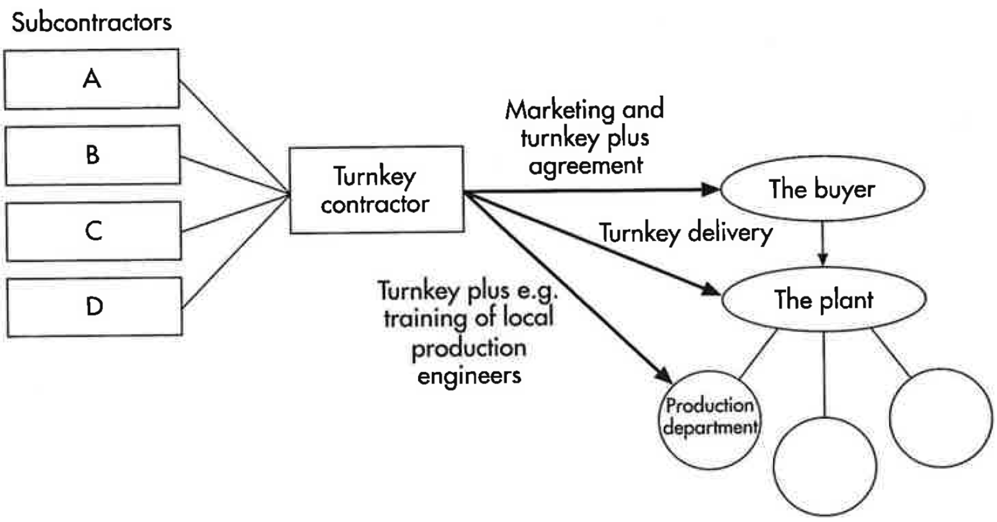

Figure 0.2 A typical turnkey "plus" project

(Cova et. al, 2002)

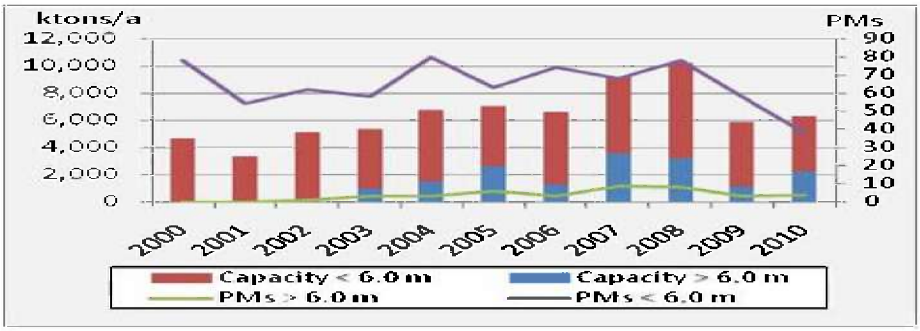

Figure 0.3 Capacity of B&P start-up in China

(Pöyry, 2012)

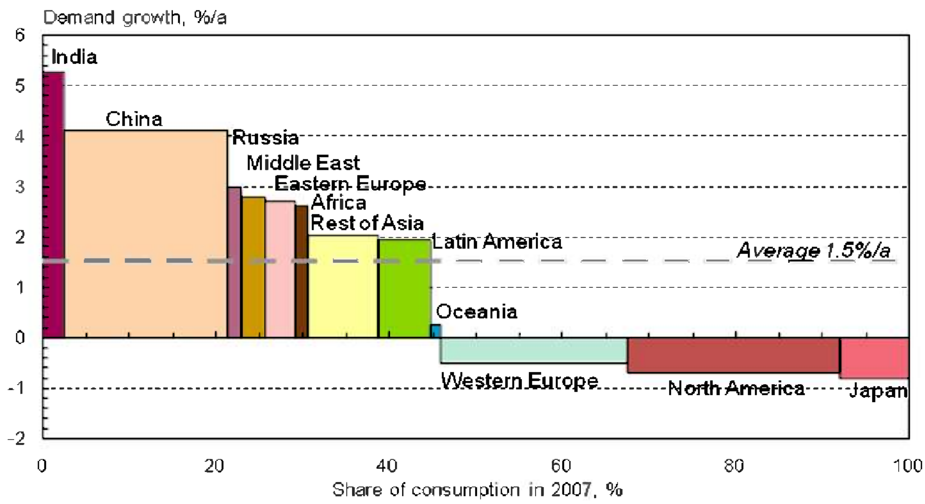

Figure 0.4 B&P demand growth forecast by region until 2025

(Pöyry, 2009)

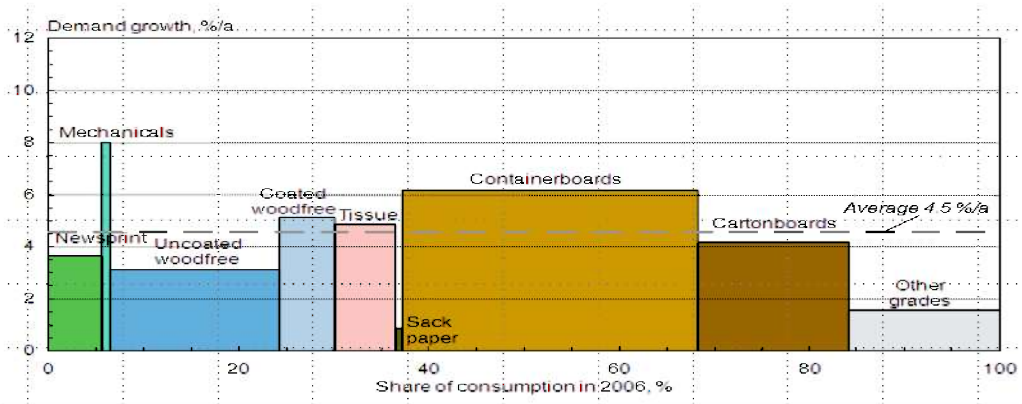

Figure 0.5 Long-term demand growth in China until 2025

(Pöyry, 2012)

Figure 0.6 Production growth prospect 2011-2015

(APCO Worldwide, 2010)

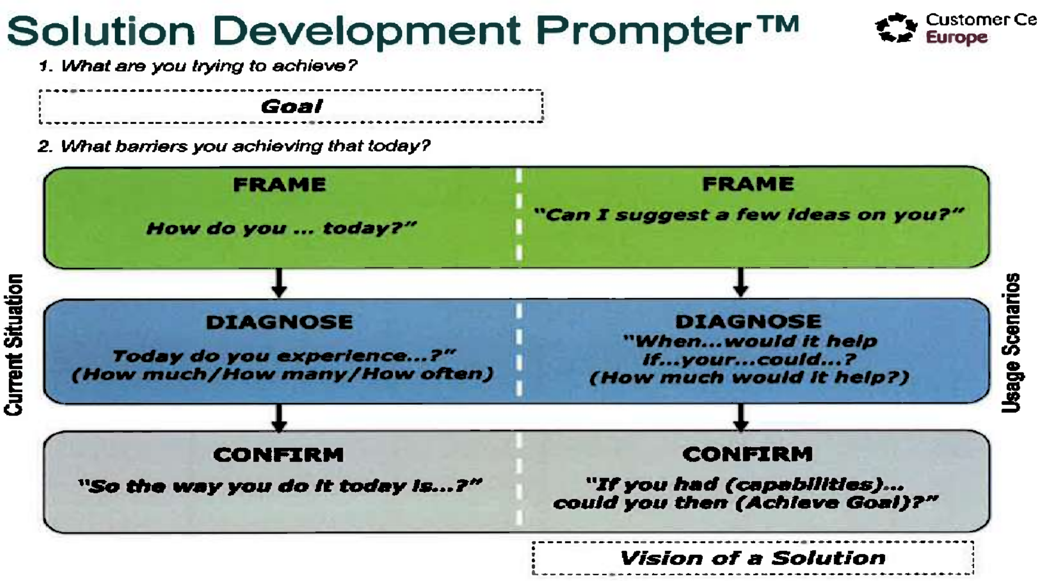

Figure 0.7 Solution development promoter

(Rackham, 1988)

P&B production (1,000 tonnes)			P&B consumption (1,000 tonnes)			P&B consumption per capita (kg)		
1	China	99,300	1	China	97,301	1	Belgium	317
2	USA	75,083	2	USA	72,370	2	Austria	261
3	Japan	26,627	3	Japan	28,038	3	Germany	243
4	Germany	22,698	4	Germany	19,770	4	USA	231
5	Canada	12,112	5	India	11,481	5	Unit. Arab Em.	225
6	Korea	11,492	6	Italy	10,599	6	Japan	220
7	Finland	11,329	7	UK	10,274	7	Sweden	213
8	Sweden	11,298	8	Brazil	9,823	8	Denmark	207
9	Brazil	10,159	9	France	9,658	9	Netherlands	197
10	Indonesia	10,035	10	Korea	9,552	10	Korea	196

Table 0.1 Top ten B&P producers and consumers in 2011

(RISI, 2011)

Metso's point-of- view	Study results
Technology issues and price are the foundation of business in China.	Quality and guanxi are the foundation of business in China.
Chinese customers are not easy to deal with: moral and business ethics are low, lying is done easily, and promises are not kept.	If Metso can build up strong and respectful customer relationship with good guanxi and trust, Chinese customers will be loyal.
Customer wants the cheapest solution.	Money is NOT all that counts. Quality and guanxi must be good. It needs to build the solid foundation and to have the reasonable price.
Metso wants to know what the customers want in the future.	Metso needs to know what the customers' customers want in the future.
Customers do not have their own R&D department.	Some customers DO have their own R&D department.
Metso service personnel need to be on-site all the time.	Customers want fast responses when something happens. Accordingly, the way the information is provided is secondary.
Competitors take better care of the customers.	All big players are on the same level, at least in terms of capital business.
Chinese customers are not interested in HR-issues.	HR-issues are becoming more and more important because professionally skilled people are hard to find.
Metso and the customers is lacking of common understanding because of the language barrier.	Metso and the customers is lacking of common understanding because the employees of Metso Finland and the Chinese people do not communicate with each other.

Table 0.2 Gap analysis between Metso's and the Chinese customers' study result

(Venetjoki et al., 2011)

Country	Power distance	Individualism	Masculinity	Uncertainty avoidance	Long-term orientation
China	80* (U)	20*(L)	66 (U)	30*(M)	118(U)
Finland	33 (L)	63 (U)	26 (L)	59 (M)	41 (L)
Germany	35 (L)	67 (U)	66 (U)	65 (M)	31 (l)

*Hofstede's estimation. U=upper third; M=middle third; L=lower third (among 54 countries for the first four dimensions, and among 23 countries for the fifth)

Table 0.3 Hofstede's cultural dimension on countries

(Hofstede, 2012)