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Growth and Development Opportunities for the Finnish Snow & Ice Industry in Preparation for the 2022 Beijing Winter Olympics

An Introduction to the Chinese Snow & Ice Market and Doing Business *The China Way*

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<p>The purpose of this thesis is to introduce, discuss and evaluate the opportunities of growth for the Finnish Snow & Industry brought upon it by the future Winter Olympic Games in Beijing, China in 2022. The selection of China as the host nation for the Winter Games will during the years to come create unprecedented opportunities for growth in the country, as the Chinese government has published plans to introduce winter culture and winter sports to some 300 million Chinese nationals, a number which will continue to grow as public knowledge of winter culture and related activities spreads.</p> <p>In addition to discussion on the growth opportunities themselves and measures to be taken in order to take advantage of said opportunities, various other topics related to doing Business in China, from cultural and professional perspectives are included. The research for this thesis was conducted through means qualitative research and analysis, supported by a case study and application of written works on business theory in addition to analysis of Chinese business culture, foreign trade and other topics.</p> <p>During the research process concerning certain topics discussed in this thesis the writer utilised connections built during his work placement period and cooperated and communicated with Finnish and Chinese professionals of the field. The cooperation presents itself within this thesis in the form of interviews and other display methods.</p>	
Keywords	Growth, culture knowledge, foreign business, snow & ice industry, winter sports, winter tourism, industry & culture analysis

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Acronyms

B2B	Business-to-Business
B2C	Business-to-Consumer
B2B2C	Business-to-Business-to-Consumer
CI	Culture Intelligence
HR	Human Resources
IOC	International Olympic Committee
SIWS	Snow & Ice and Winter Sports
SME	Small-to-Medium-Sized Enterprise
WSIF	World Snow & Ice Forum
WWSE	World Winter Sports (Beijing) Expo

1 Introduction

1.1 Research issue

The purpose of this research is to introduce, discuss and evaluate the opportunities of growth for the Finnish Snow & Ice and Winter Sports (SIWS) industries brought upon them by the future 2022 Winter Olympic Games in Beijing, China and to discuss the various aspects of engaging in business activities with Chinese enterprises and businesspeople, ranging from cultural intelligence & etiquette to building and maintaining mutually beneficial and lasting professional relationships. Covered export sectors of the Finnish Snow & Ice and Winter Sports industries include among others infrastructure construction & maintenance, education and Human Resources Management, equipment and vehicles.

During the early 21st century, China has stabilised its position as an important trading partner and investment target for Finland. According to the Confederation of Finnish Industries (Elinkeinoelämän keskusliitto, 2015), Finnish investment in mainland China totals over EUR 10 billion, and the nation is home to some 400 Finnish enterprises. However, Chinese investment in Finland is still relatively low. By correctly addressing the opportunities brought by the 2022 Winter Olympics and asserting the position of Finland in China as a nation home to SIWS industry professionals, this issue could be turned into a growth trend.

The research topic was chosen because of the author's interest towards international trade, Chinese professional and social culture and engaging in business activities in China. During his work placement period in a Finnish business consulting company specialising in bringing Finnish and Nordic companies to the Chinese market the author recognised the potential for growth in the exportation of Finnish knowledge in infrastructure construction, personnel training in winter sports resort management and winter sports dedicated equipment and vehicles.

1.2 Importance of topic

Winter Sports culture in mainland China is still very much in its early developmental phases. Attracting attention and popularity among some millions of the nation's

wealthier inhabitants, it can be considered somewhat a niche market taking into consideration China's populace of approximately 1.376 billion. With the 2022 Winter Olympics, China aims to expand the related industry across the country and introduce winter sports to some 300 million people residing in the Northern part of the country and grow the market exponentially in the years to come. As public awareness on the topic increases, so will the demand for facilities and resorts dedicated to winter sports and related activities, thus making the situation ideal for the Finnish SIWS industry enterprises to export their long-built knowledge, experience and skill.

Further making this topic important is the absence of existing detailed research on the issue. The author conducted extensive online research with hopes to uncover public research data regarding the issue but, to his amazement, failed to discover anything extensive apart from occasional short comments or vague references.

1.3 Methodology

The research method chosen for the purposes of completing this research is a combination of elements from desk research and qualitative primary research. Factual and theoretical data used as reference was collected from various written printed and online works covering a variety of topics and theories, supported by interview data and the writer's personal views on the addressed matters.

Desk research, as defined by Cambridge Dictionary Online (2016), is a research method that employs already existing, easily obtainable information and data. The research data used in desk research can be obtained from a variety of sources, including printed written works, news media, magazines, online articles and published company records & government reports.

Qualitative Research is a primary research method that involves gathering research data from a relatively small sample group through for example group- or individual interviews, observations and surveys. Qualitative research focuses on information that is in a non-numerical form. The results of qualitative research are in majority descriptive, and can be used in analysing e.g. the behavioural and emotional drivers behind consumer purchasing behaviour. (Driscoll, 2011)

The qualitative part of this research was conducted by means of an ethnographic study, data for which was collected by the author at the first annual World Winter Sports Expo, held in Beijing, China on 19th-22nd October 2016. Subjects interviewed included both Finnish and Chinese SIWS industry professionals. Qualitative data was also gathered by the author from discussions with members of *World Snow & Ice Forum*, a non-profit, recently founded Finnish-Chinese cooperation organisation with the aims of acting as an accelerant in Finnish-Chinese snow & ice related trade and spreading winter sports culture in China.

2 The 2022 Winter Olympic Games

2.1 General Information

The 2022 Winter Olympics are to be held in Beijing, China in co-operation with Yanqing and Zhangjiakou; two cities North-West of the capital. In the bidding race for the right to host the event, Beijing narrowly beat Almaty, Kazakhstan, the only other alternative under consideration, by 44 to 40 delegate votes. During the six years before the upcoming event, the lack of alternatives which led to the decision being made between a developing third world country with natural snow and a growing economic giant without a widespread winter sports culture or history but the required resources to create an environment capable of hosting and maintaining the various venues was caused by a lack of participants in the Winter Olympics bidding race, a trend that has emerged in recent years. Oslo, Norway, Stockholm, Sweden, Kraków, Poland and Lviv, Ukraine, the other original bidders, withdrew their bids one by one during the race. The lack of willing hosts – according to some – is possibly in part caused by the enormous cost of bidding for and hosting events of this scale. (Pramuk, 2015)

During my research on the topic I recognized some key factors that may have, in a manner of speech, tipped the scale in favour of Beijing, China despite concerns regarding the nation's past record on environmental, social and human rights issues.

1. Beijing has already hosted an Olympics event in 2008, proving its capability to design and construct proper infrastructure to support an event of this nature. The previously developed skills, architecture and infrastructure can partly be reallocated and reused for the purposes of hosting the 2022 games. In addition to the 2008 Olympics, the city has also been the host of over 40 international

sporting events and various high profile business & political events during the last decade.

2. The fact that winter sports could be currently called just a growing niche trend in China is not entirely negative. Awarding the hosting rights to Beijing will result in a growth of public attention towards winter sports and expose the some-300 million strong population of Northern China to winter sports culture.
3. The city is no stranger to hosting large scale events, which in practice means that the city and the organising party have experience in handling and controlling vast inflows of people. In addition, the economic status of the country would make it possible for organisers to ensure the safety of venues for athletes and the spectating crowds by allocating enough funds to construction and supervision.

In the few years of preparation before the Winter Olympics, the organisers, the city of Beijing and the Chinese government face numerous key issues in need of proper addressing in order to make the 2022 games a success. Firstly, due to Beijing's lack of snowy mountains suitable for hosting winter sports events the downhill races and events will be held in Yanqing, 90 kilometres North-West, and Zhangjiakou, located some 160 kilometres North-West of Beijing. However, despite being located in mountainous areas, the two co-operating cities are known to be places of effectively little-to-no natural snowfall. In Yanqing, the city closer to the capital experiences some annual snowfall. However the amount is far from what is required to host large scale winter sports events. The latter city, Zhangjiakou, is known for a semi-arid climate due to its close proximity to the Gobi desert, the arid landmass that divides Northern China and Southern Mongolia. Needless to say, both areas are not ideal for the purposes of a Winter Olympics event due to their natural properties and unreliable natural snowfall. However, despite the unusual environment, some skiing resorts operate in the mountains of Yanqing and Zhangjiakou, relying almost entirely on artificial snow to conduct their business and operations. In addition to addressing the issue of mass production of artificial snow with high enough quality to be used in covering every single venue, additional infrastructure has to be built and existing infrastructure

modified at the three Olympic locations to support the events and races. Additionally, the three locations are to be connected by a brand new high-speed railway system which is to be built in the years before the event. The entirety of the planned building and construction projects was revealed in the International Olympic Committee's (IOC) *Report of the 2022 Evaluation Commission* (2015), which introduced and discussed both Beijing and Almaty's vision and concept of the Olympic games as well as matters such as game delivery, Paralympic games and the athletic experience.

2.2 Overview of the Beijing 2022 Bid

- "Joyful Rendezvous upon Pure Ice and Snow"

Beijing 2022 slogan (IOC, 2015, pp.58)

The IOC's *Report of the 2022 Evaluation Commission* (pp. 58-68) presents Beijing's concept plan for the winter games in detail and in its entirety. This section of the thesis will provide the reader with an overview of the Beijing bid's major points of attention and interest.

2.2.1 Vision

The vision of the Beijing bid, as stated in the IOC report, is to directly enhance public health and improve the fitness and health of Chinese nationals. This, according to Zhu Chengyi, former Vice Director of the Winter Sports Management Center of China's State General Administration of Sports, is to be achieved by further introducing winter sports including the likes of ice-skating, skiing and ice hockey to Chinese millennials and turning the sports into national pastimes (Pumin, 2015). The bid's objective of improving public health is also directly tied to the nation's 13th Five-Year-Plan which, among other goals, aims to lengthen the life expectancy of Chinese nationals by an average of one year (KWM, 2016).

In addition to improving public health, the vision concept includes a plan of accelerating the development of a "Sport, Culture and Tourism Belt" between Beijing and Zhangjiakou. The winter games are to act as a stimulant for economic and cultural growth along the belt and in the whole of the Hebei Province. As previously mentioned, the 2022 Winter Olympics and the related sporting events will be hosted in co-operation by the cities of Beijing, Yanqing and Zhangjiakou. The different competitions will be divided among the three cities based on their geographical properties and existing

architecture, and the host cities are to be connected by a new high-speed rail system to be built in the years before the event. Figures 1&2 below present an overview of the Olympic area and tells how the various sports will be divided, what kinds of infrastructure will be built from ground-up, in which instances already existing architecture will be used and where existing infrastructure will be modified for the purposes of hosting the event. The figure also provides an overview of the area which is to be known as the Beijing-Zhangjiakou Sports, Culture and Tourism belt.

The 2022 games will utilise six existing venues for hosting the various competitions. In addition to these, six additional venues will be built in the Olympic zone. Additionally, three Olympic Villages will be built to house the athletes; the first located some 25 kilometres South-West from Beijing International Airport, the second at Yanqing and the third at Zhangjiakou.

2.2.2 Games Concept & Sports Venues

Overall venue concept

Zone	Cluster / Stand-alone	Venues
Beijing	Beijing Olympic Green Area	<ul style="list-style-type: none"> - Speed skating (to be built) - Curling (existing) - Ice hockey 1 (existing) - Olympic Village 1 (to be built) - IBC / MPC (existing) - Opening Ceremony Stadium (existing)
	Stand-alone	<ul style="list-style-type: none"> - Ice hockey 2 (existing) - Figure skating / short track (existing)
Yanqing	Yanqing	<ul style="list-style-type: none"> - Alpine skiing (to be built) - Sliding centre (to be built) - Olympic Village 2 (to be built) - Mountain Media Centre (temporary)
Zhangjiakou	Nordic Centre Precinct	<ul style="list-style-type: none"> - Biathlon (to be built) - Cross country skiing (to be built) - Ski jumping (to be built)
	Genting Park Precinct	<ul style="list-style-type: none"> - Freestyle skiing (existing) - Snowboard (existing)
	Stand-alone	<ul style="list-style-type: none"> - Olympic Village 3 (to be built) - Mountain Media Centre (temporary)

Figure 1. Overall competition venue concept for the 2022 games. (IOC, 2015, pp. 63)

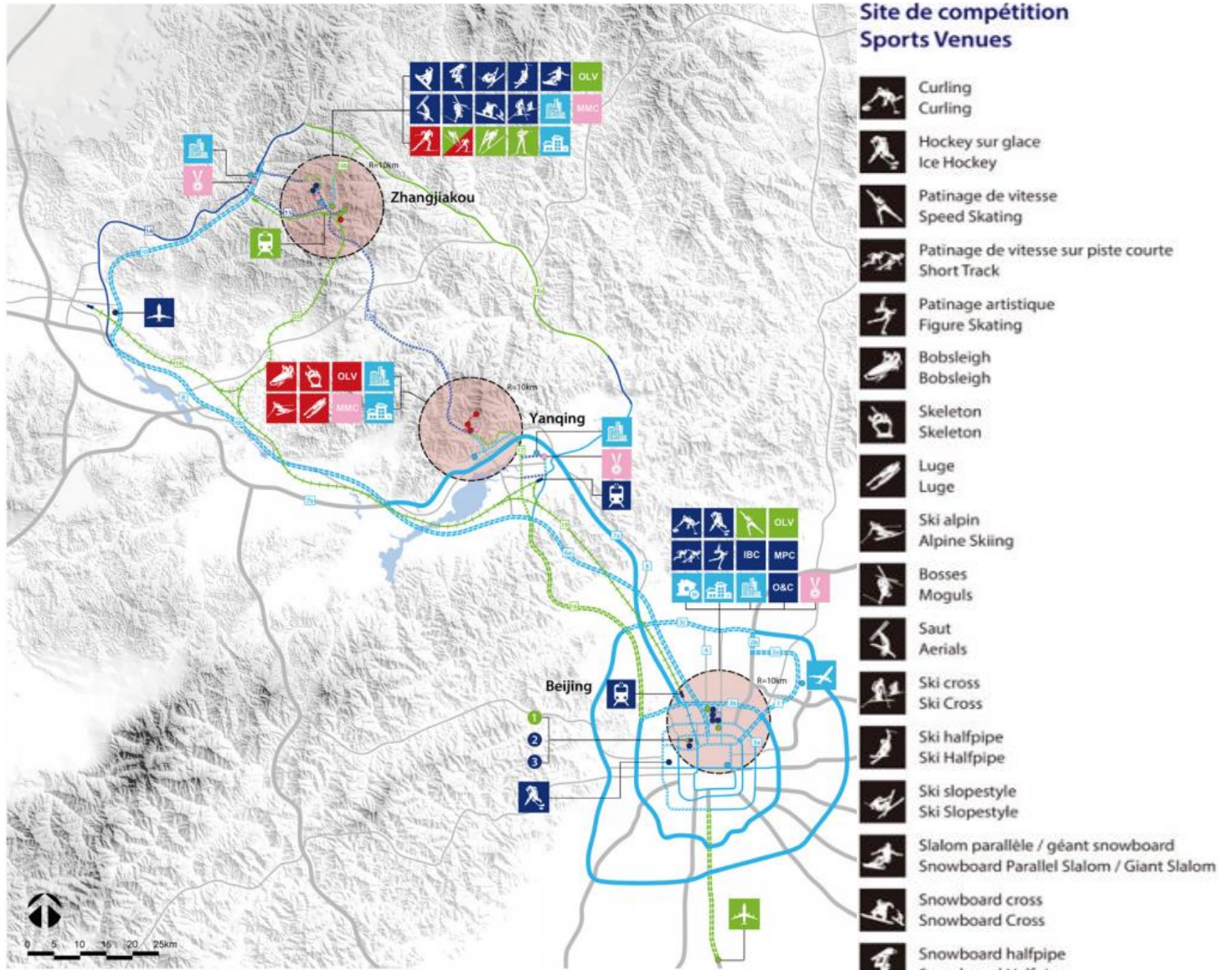


Figure 2. Beijing 2022 Games Concept Plan (IOC, 2015, pp. 60-61)

Infrastructure de transport
Transport Infrastructure

- Aéroport international de Beijing Capital
Beijing Capital International Airport
- Nouvel aéroport international de Beijing
Beijing's new international airport
- Aéroport de Ningyuan
Ningyuan Airport
- Gare de TGV
High-speed Railway Station
- TGV
High-speed Railway
- Autoroute
Expressway
- Autoroute (voie olympique dans les deux sens)
Expressway (Olympic Lane in Both Traffic Directions)
- Route locale principale
Main Local Road
- Route locale principale (voie olympique dans les deux sens)
Main Local Road (Olympic Lane in Both Traffic Directions)

Infrastructure olympique
Olympic Infrastructure

- O&C Site des cérémonies d'ouverture et de clôture
Opening / Closing Ceremony Venue
- OLV Village olympique
Olympic Village
- Hôtel CIO
IOC Hotel
- Zone d'hôtels principaux
Main Hotel Area
- Noyau d'hôtels des médias
Media Hotel Cluster
- MPC Centre principal de presse (CPP)
Main Press Centre (MPC)
- IBC Centre international de radiotélévision (CIRTV)
International Broadcasting Centre (IBC)
- MMC Centre des médias en montagne
Mountain Media Centre (MMC)
- Place des médailles
Medal Plaza

Site de compétition
Sports Venues

- Curling
- Hockey sur glace
Ice Hockey
- Patinage de vitesse
Speed Skating
- Patinage de vitesse sur piste courte
Short Track
- Patinage artistique
Figure Skating
- Bobsleigh
- Skeleton
- Luge
- Ski alpin
Alpine Skiing
- Bosses
Moguls
- Saut
Aerials
- Ski cross
Ski Cross
- Ski halfpipe
Ski Halfpipe
- Ski slopestyle
Ski Slopestyle
- Slalom parallèle / géant snowboard
Snowboard Parallel Slalom / Giant Slalom
- Snowboard cross
Snowboard Cross
- Snowboard halfpipe
Snowboard Halfpipe
- Snowboard slopestyle
Snowboard Slopestyle
- Biathlon
- Ski de fond
Cross Country Skiing
- Saut à ski
Ski Jumping
- Combiné nordique
Nordic Combined

- Infrastructures existantes. Travaux non nécessaires.
Existing Infrastructure. No Permanent Works Required
- Infrastructures existantes. Travaux nécessaires.
Existing Infrastructure. Permanent Works Required.
- Infrastructures permanentes prévues
Planned Permanent Infrastructure
- Infrastructures permanentes supplémentaires
Additional Permanent Infrastructure
- Infrastructures temporaires
Temporary Infrastructure

2.2.3 Sustainability

Environmental sustainability plays a key role in the Beijing 2022 bid. The sustainability plan for the 2022 Games focuses on four distinct areas of improvement:

1. Clean energy
2. Green Technology
3. Ecological Improvement
4. Air quality

The issue of sustainability will most likely be a topic of much discussion in the years before the games. The Beijing area in particular is known for its bad air quality, so spectators – the writer included – will closely follow developments in this area with interest. The air quality and smog levels in the capital can at times be so hazardous that locals are encouraged to stay indoors and not expose themselves to the air outside. The writer experienced these issues first-hand during spring 2016, when he spent one month in Beijing as part of his internship. On the worst days, the smog levels were so horrible that visibility from a 24th-floor apartment was barely 500 metres. Making matters worse considering the air quality during the Olympics are the dates on which the event will be held. During the winter, the majority of Beijing is heated with coal, which in turn creates more smog and pollutes the air further.

To address the critical issue of air pollution, the bid promises several actions to be taken. The bid mentions the “Beijing Clean Air Action Plan”, worth USD 120 billion, which aims to decrease pollution levels in the city during 2013-2017. The plan advertises relocation or closing down of highly-polluting industries and facilities, reduction of traffic-caused pollution and reforestation of vast barren landmasses. To tackle the varied sustainability issues looming over the 2022 games, several initiatives have been outlined. Venue construction and modification operations are to follow internationally set green guidelines and building standards and the international sustainability management system ISO 20121 is to be adopted. Another outlined sustainability initiative is the reuse of legacy venues from the 2008 Olympics, nearly halving the required construction projects. Environmental sustainability in the supply

chain activities involved with the construction projects is also to be emphasised. (IOC, 2015, pp. 66-67) What remains to be seen, however, is how successful the city of Beijing will be in meeting these sustainability objectives.

3 Opportunities of Growth for the Finnish SIWS Industry

In this section of the thesis the writer introduces to the reader the Finnish SIWS industry in its current state, and discusses the various opportunities of growth and development brought upon it by the upcoming 2022 Winter Olympics in Beijing, China. This section begins with a short summary of the current state of Finnish-Chinese trade, continues with an introductory summary of the Finnish SIWS industry closes with a discussion of the opportunities of growth and development presented to this industry by the 2022 Winter Games.

3.1 Short summary of the current state of Finnish-Chinese trade

The trade relationship between Finland and China can be considered in its own, individual way a unique one. For Finnish industries, China is the largest trade partner in the continent of Asia and correspondingly, Finland sees the most inbound trade from China out of the whole Nordic region. In 2015, the net worth of Finnish trade exports to China was approximately EUR 2,53 billion, while Chinese import trade to Finland was valued at some EUR 3,97 billion. Some 40% of all Finnish exports to China are raw materials (largest material export groups by percentage: paper pulp 19%, unprocessed fur 11%, sawn timber 5.3%). Machinery and equipment totalled 38% of total exports. Regarding total imports from China, the divide between the two largest groups was as follows: machinery and consumer electronics 52% out of which mobile devices 14% and IT hardware 10%; clothing and footwear 15%. (Tunturi, et. al., 2016, pp. 111-112)

3.2 Introductory Summary of the Finnish SIWS Industry

The *Snow & Ice and Winter Sports* industry includes all organisations and enterprises whose operations are in any way involved with snow and ice, or winter sports. This broad categorisation can, for example, include enterprises that produce artificial snow for downhill skiing resorts, organisations involved with organising and governing various winter sports and enterprises that manufacture or construct vehicles, equipment or infrastructure to be used in winter sports, e.g. ice-hockey arenas, snowmobiles, skis

and clothing. In addition, enterprises that, for example, conduct service design for customers in the field of snow & ice, provide education and training of personnel working in areas such as winter sports resorts, or offer unique winter-themed experiences in- or outdoors can be considered part of the Finnish Snow & Ice and Winter Sports industry.

Finland can be in many ways considered the home of winter-related innovation and professionalism, be it in the fields of sports, architecture, resort management, equipment & accessories, design or related field of any other nature. For example in sports, Finland is home to one of the longest running professional national ice hockey leagues, dating back to 1928. In various fields of technology, Finland is also home to enterprises driving innovation and offering creative B2C and B2B solutions to a variety of needs.

The country, until recently, has seen a lack of a party or organisation that would unite SIWS industry players under the same roof, acting as an accelerant in foreign trade and spreading knowledge and information about new innovations in foreign markets. As a response to the growing demand for SIWS industry solutions, goods and services in China created by the upcoming Winter Olympics, a group of Finnish and Chinese professionals from various fields formed a non-profit organisation known as *World Snow & Ice Forum*. The organisation, despite its only recent launch, has already begun cooperation and is engaged in negotiations with high-profile organisations in Finland and China, including the Chinese national television network CCTV and the Snow & Ice Department of Ministry of Culture in China. The organisation made its debut public appearance at the first annual *World Winter Sports (Beijing) Expo*, held on 19th-22nd October 2016 at the China National Convention Center in Beijing. The expo – an event which is to become one of the largest of its kind in six years – attracted over 80 000 visitors in its first year, including both industry professionals as well as interested members of the public.

3.2.1 World Snow & Ice Forum

World Snow & Ice Forum, WSIF in short, is a newly formed non-profit Finnish-Chinese cooperative organisation which functions with an aim of enhancing and encouraging Finnish-Chinese Snow & Ice industry trade and spreading knowledge and information of Snow & Ice and Winter Sports culture in China. The writer has had the

privilege of working with the WSIF team, taking part in negotiations, meetings and other events in assisting duties. The writer's in-depth exposure to the organisation and its ways of working has made it possible for the writer to gather information on the newly-found and fast-growing organisation and presenting this information to the reader.

The organisation was formed in July 2016 right after Beijing was announced as the host for the 2022 Winter Games by the International Olympic Committee to act as a driver behind spreading and sharing winter sports culture to the Chinese public and enhancing Finnish-Chinese Snow & Ice related trade. The roots of the organisation rest in Finnish winter sports and winter culture traditions, and Risto Nieminen – the Chairman of the Finnish Olympic Committee and member of the WSIF organisation – considers Finnish peoples' since-childhood exposure to winter culture and winter sports as one the key elements behind the nation's long-running and deeply-felt love towards all things winter. The Finns' vast history of winter sports success – according to Nieminen – is a product of systematic education, accessible high quality facilities and infrastructure for engaging oneself in winter activities and fun family-oriented events. (Risto Nieminen, remarks during WSIF visit to The Division of Ice and Snow, Popular Culture Society of China)

World Snow & Ice Forum will focus on four key areas and service designs in its operations:

1. Planning and construction of venues and dedicated lifestyle centres in the vicinity of high-interest sporting venues and facilities
2. Building and supporting Chinese learning in the field of Ski Resort Management and profitable all-season operations at ski resorts through intelligent service design
3. Consultation and education in the field of producing large scale state-of-the-art winter sports events
4. Cooperation in education and coaching with Universities and sports institutes

The aforementioned key areas of focus will act as guiding categorizations in the organisations' operations, but naturally do not limit possible forms of cooperation.

Objectives in these key areas will be reached by facilitating and embracing good and friendly business practices between Finnish and Chinese organisations and enterprises by bringing them together under the umbrella of WSIF and guiding them through agreements, negotiations and the various phases of cooperation. The organisation also works to lessen the burden of cultural differences by bringing the parties involved together, building strong professional relationships of trust and friendship.



Figure 3 Members and partners of the WSIF organisation at the WSIF booth at WWSE 2016 (Miettunen, 2016)

The organisation made its first major, large-scale public appearance at the first annual World Winter Sports (Beijing) Expo, held 19th-22nd October at the China National Convention Center in Beijing, China. In addition to forum speeches and keynotes by organisation members, WSIF also appeared at the expo with a booth of its own, in which a variety of Finnish winter culture and winter sports enterprises were represented.



Figure 4 WSIF booth at World Winter Sports (Beijing) Expo. (Miettunen, 2016)

3.3 Examples of Opportunities in Various Industry Fields

Opportunities of growth and development tied to the years before the 2022 Winter Games present themselves across a variety of industry fields. From production and distribution of winter sports equipment and winter clothing, to producing artificial ice and snow, to offering refrigeration solutions within an organised space, the opportunities are limited only by one's ability to look through the seams and find a need or want for a product or service, and doing so more efficiently and intelligently than the competition. In this section of the thesis I will introduce and discuss a selection of examples of such growth opportunities from a variety of SIWS Industry sectors and fields. I will begin with a discussion of possible outlooks in the sector of Management & HR, continue with construction and move on with examples from a variety of additional sectors.

3.3.1 Management & HR

As in the years preceding the games new infrastructure will be constructed in the three competition sites of Beijing, Yanqing and Zhangjiakou, the demand for skilled personnel will most definitely witness a rising trend. Newly constructed venues, hotels, resorts and other facilities require educated and properly trained staff, not to mention properly educated managerial professionals to run them profitably and efficiently.



Figure 5 Scenery from Levi Ski Resort's central town (Levin Alppitalot, n.d.)

Finland is home to a number of profitable, unique skiing resorts and winter getaway resorts, and the accumulated knowledge in successfully operating in the sector is an exportable product which could yield great profits in the long run. As an example of a

multifunctional, unique experience offering mega resort model, a type of which could possibly be of closest resemblance to the kind of service collection sought by the Chinese, one could consider Levi ski resort located in Northern Finland near the city of Kittilä some 170 kilometres north of the Arctic Circle. The multifunctional all-year resort does not limit its services to winter sports, but is – in addition to its 43 downhill-skiing slopes – home to one of the largest log house villages in the Nordic region, a fully functional spa and a multitude of wilderness trails, activities and opportunities for adventure. The resort is operational during all four seasons, and activities and possibilities for spending time vary accordingly.

Resulting from the thought of constructing an exportable product from Finnish winter culture tradition and knowledge and expertise in ski resort management, World Snow & Ice Forum acted as a brokering and connecting party in beginning cooperation in education between University of Lapland in Finland and Heilongjiang Polytechnic in China. The two schools, beginning from the fall period 2017 are planning to begin a brand new education program in Ski Resort Management, which manifests itself as a three to four year long program divided between the two schools. Vocational level students from Heilongjiang Polytechnic will spend the first two years of their studies in their home school, and the remainder at University of Lapland's University of Applied Sciences, studying the topics and theories required in running a business and managing a workforce. To wrap up their education, the students will complete an internship for a Finnish Ski Resort and will receive a diploma as a certificate of their education. (A. Lammassaari, personal communication, October 2016)

3.3.2 Venue construction and service design

As already mentioned before, the winter games venues in the competition cities of Beijing, Yanqing and Zhangjiakou will undergo a variety of construction projects in the years before the event. The variety of competitive sports in the 2022 games require several separate venues to be built in order to house all competitions in a suitable environment. In addition to wholly new constructions, several existing structures will be modified to suit the needs of the Winter Games. Additionally, wholly beside the planned construction projects related to the Winter Olympics, the winter sports boom planned by Chinese authorities will be the driving factor behind the vast amount of upcoming, unique construction projects as rising public interest towards winter sports

and demand for facilities for engaging in winter sports activities will create a market for knowledge in venue construction and maintenance. As an example of vast opportunities for Finnish professionalism and knowledge in the sector of venue construction one can consider the rapidly growing emphasis of the Chinese government on developing the country's ice hockey culture. To support the training and education of players and teams and to spread the sport and the culture related across the country up to 2000 new ice hockey arenas are to be built in the country in the years to come (Cleantech Finland, 2016). In such intricate projects as ice hockey arena construction alone there already exists a variety of potential markets for Finnish professionalism, be it for example in architectural design, constructional completion, indoor refrigeration and ice production & maintenance or service design.

New venues and facilities in addition to the infrastructure itself require specific service design to run as efficiently as possible. Proper service and product segmentation, organisational and service structure supported by a clear operational plan are all attributes of a healthy, functioning enterprise.

3.3.3 Winter Sports & Winter Activity Equipment

The relation of equipment to sports and other activities is quite self-explanatory. In any kind of athletics, sponsored equipment is common among competitors. Enterprises that engage in equipment manufacturing often wish to enlist athletes from their respective sports to act as marketing tools for their brand by publicly using their products in broadcasted events and competitions. This occurrence is not limited to single athletes, as on some occasions a company may sponsor an entire team of athletes, providing them with all of the equipment they need. In addition, in some cases a corporation may sponsor an event itself, thus purchasing the rights to product placement and visibility during the event.

Traditional sports equipment is a vast category by itself, but opportunities exist in other areas as well. The growing popular interest towards smart technologies – systems, gadgets and devices that enhance daily activities and add value to existing concepts (Prospero, 2016) – presents an opportunity for equipment manufacturers to cross industry borders and bring fresh, innovative solutions to the market. The growingly technologically and digitally savvy consumer base in China brings opportunities for

enterprises to pursue new research and development projects to implement new smart technologies in their equipment catalogue. During recent times, the popularity and public interest in China towards smart technologies has been most visible in the fields of smart home appliances and wearable technology, and a widespread opinion among Chinese consumers is that smart technologies in various product segments will most definitely impact their lives in the years to come (GfK Surveys, 2016). Enterprises producing sports equipment should in the writer's opinion direct more focus into the growing demand for wearable smart technologies in China. Examples of such technologies that would have a use in sports and related activities are many – one could consider technologies that monitor body activity during exercise and present data such as temperature, stress and physical engagement levels to the user in real time, thus making it possible for the user to adjust their activity to maximise energy effectiveness during exercise.

3.3.4 Unique In- and Outdoor Experience Solutions

The opportunities brought about by the coming winter games are not limited only to areas directly related to sports. All things related to winter culture will most definitely be in high demand during the preparation phases of the event and in additional contexts as well.

In order to truly make the 2022 Winter Olympics a successful and engaging event and to spread the spirit of winter culture in China, organisers must look deeper into the issue at hand. Supplementary activities, promotion and social engagement will be some of the key factors in making the shift in public interest possible. One solution to this issue could lie in promotional events and their visual design. When promoting a snow & ice-related event and the culture related, organisers should not rely on traditional hand-to-hand promotion only, but should focus on presenting a visual, tangible experience as well. Solutions to this could be, for example, true audio-visual winter experiences which include the real elements of snow & ice, be it a temperature-controlled area in a public space containing ice sculptures snow design as seen in locations such as the famous Snow Castle in Kemi, Finland. The castle, redesigned and built from ground-up every year, is known for its beautiful snow & ice design, ice sculptures, skilfully crafted interiors and magical atmosphere, especially when it is dark and the whole area, both interior and exterior, is illuminated with beautiful colours.



Figure 6 Examples of the audio-visual presentation of LumiLinna SnowCastle. (Laapotti, n.d.)

With modern refrigeration technology, similar presentations can be constructed and displayed regardless of location and local temperature – in a somewhat smaller scale of course. Nevertheless, the effect of such visual experiences on the passer-by is far greater than that of promoters working with a simple stand, supported by plastic or wooden decorations. Design approaches like this could also be used at the various events included in the winter games; at races, indoor areas, activity areas among some examples of the possible uses of such knowledge and design. It goes without saying that it is hard to achieve a true, magical winter atmosphere without the genuine elements.

3.3.5 Wellbeing & Health

When it comes to winter sports and winter activities, safety and wellbeing both play a great role in the equation. According to WSIF Secretary General Annamari Lammassaari (personal communication, 2016), the role of Health Tech knowledge and pioneering in the Chinese SIWS market will see a tangible growth, bringing many opportunities for enterprises in the field. As the amount of Chinese people engaging in sports either leisurely or on a competitive level increases steadily, so will the demand for solutions in actively preventing and caring for sports-related injuries.

3.3.6 Winter Tourism

According to statistics from *The Economic Impact Reports*, a research project conducted by the World Travel & Tourism Council in 2016, the Chinese are among the top spenders when it comes to outbound tourism. In 2015 alone, Chinese tourists spent more than \$215 billion on their outbound travels, seeing a growth rate of some 53% compared to 2014 and most visibly affecting the regions of Europe and Oceania.

This trend is an enormous opportunity for Finnish winter tourism professionals and for the country in general. Winter culture and lifestyle is deeply rooted in the country, and the nation is home to a vast variety of unique locations and winter season oriented regions which would deeply benefit from the vast Chinese outbound tourist masses.

The key to tapping into the massive stream lies in learning how to adapt current offering and developing new solutions to cater to Chinese tastes. By cooperating with Chinese travel agencies and industry professionals, the Finnish service sector can learn the skillsets required to successfully cater to the tastes of the Chinese tourist. According to Harry Huming, Founder of DPS Consulting and a Chinese tourism industry veteran, a vast variety of Chinese travel agencies have launched or are in the process of launching new so called “GOSNOW” departments, which specialise in Chinese outbound winter tourism (H. Huming, personal communication, October 2016). By encouraging Finnish-Chinese cooperation in the field of winter tourism, the Finnish service sector truly stands before a great opportunity to attract the world’s largest traveling masses both in terms of volume and cash inflow.

3.4 Measures for Taking Advantage of Growth Opportunities

I will now move on to present various measures for taking advantage of the growth opportunities presented. The data gathered for this section comes from the writer’s experiences during his work placement, discussions with WSIF members and knowledge gained by the writer during his studies. For the purposes of clarification, these measures are divided into the categories of operational and strategic measures, both which will now be discussed in order. Each section begins with a brief description of the term, followed by discussion of possible measures to be taken in the opinion of the writer. In addition to the discussions on the topics of *Operational* and *Strategic Measures* for taking advantage of growth opportunities, approaches from the viewpoints of business-related theories are included. For in depth, targeted application of these measures and theories regarding a Finnish enterprise’s entry into the Chinese market, see the case study in Anonymised Appendix A.

3.4.1 Operational Measures

In this context, the term *Operational Measures* is used when referring to operational business practices and ways of operating which further and support the achievement of

an enterprises business objectives regarding China entry, successful market penetration and position assortment in the cutthroat markets. Found in this segment are theoretical frameworks for several measures of action, and general discussion of them from the perspective of the Chinese market.

On a general note, enterprises wishing to perform entry into China for the purposes of taking advantage of growth opportunities arising in the country in the coming six years should have a clear vision of the purposed target of their business operations. Firms should research and develop their core competences which would act as enablers in gaining access to the new market, boost and benefit the company in offering an end product with perceivable customer and stakeholder value, and hindering competitors' ability to imitate the goods & services offered. (Prahalad & Hamel, 1990. pp. 79-91)

3.4.1.1 Theory of Constraints

Operational constraints hinder an enterprise's ability to perform at its full capacity and effectiveness. The *Theory of Constraints*, developed by Dr. Eliyahu Moshe Goldratt during the 1980s, defines constraints as key indicators of efficiency and tools of performance analysis, and has been applied during the last three and a half decades by numerous organizations and analysts in discovering measures of continuously increasing performance. (Markgraf, n.d.) By focusing on eradicating operational bottlenecks throughout the various processes and functions of the organization, improvement and development of growth can be achieved.

3.4.2 Strategic Measures

In the context of Finnish Snow & Ice and Winter Sports industry enterprises' China entry for taking advantage of opportunities introduced by the upcoming Olympic and Paralympic Winter Games, the term Strategic Measures can be used when discussing the big-picture, long-running plans of action for achieving *sustainable competitive advantage*. As defined by Kotler & Armstrong in *Principles of Marketing* (2011), sustainable competitive advantage is "...an advantage over competitors gained by offering greater customer value, either by having lower prices or providing more benefits that justify higher prices." Sustainable competitive advantage is achieved by creating and bringing greater value for customers by the means of good & service differentiation; by making oneself stand out in terms of customer value in the vast ocean

of market competition an enterprise holds in its hands the keys to greater operational success and potentially accelerated future growth (Kotler & Armstrong, 2011, pp. 210).

When discussing the process of constructing a successful long-term strategy regarding China entry, asserting and maintaining the company's market position and presence, while ensuring the right fit in the structure of the company's local professional network, several theories can be of use as tools of visualisation and explanation. Necessary strategic measures to be taken will now be discussed from the viewpoints of such theories.

3.4.2.1 Porter's Five Forces Analysis

The first theory discussed is Michael E. Porter's *Five Forces* theory, which is employed when studying the external forces which affect the market environment in which an enterprise operates and an enterprise's ability to successfully compete in said market. The external market forces affecting the nature of and success potential within a market are:

- 1. Competitive Rivalry**
- 2. Bargaining Power of Suppliers**
- 3. Bargaining Power of Customers**
- 4. Threat of New Entrants**
- 5. Threat of Substitutes**

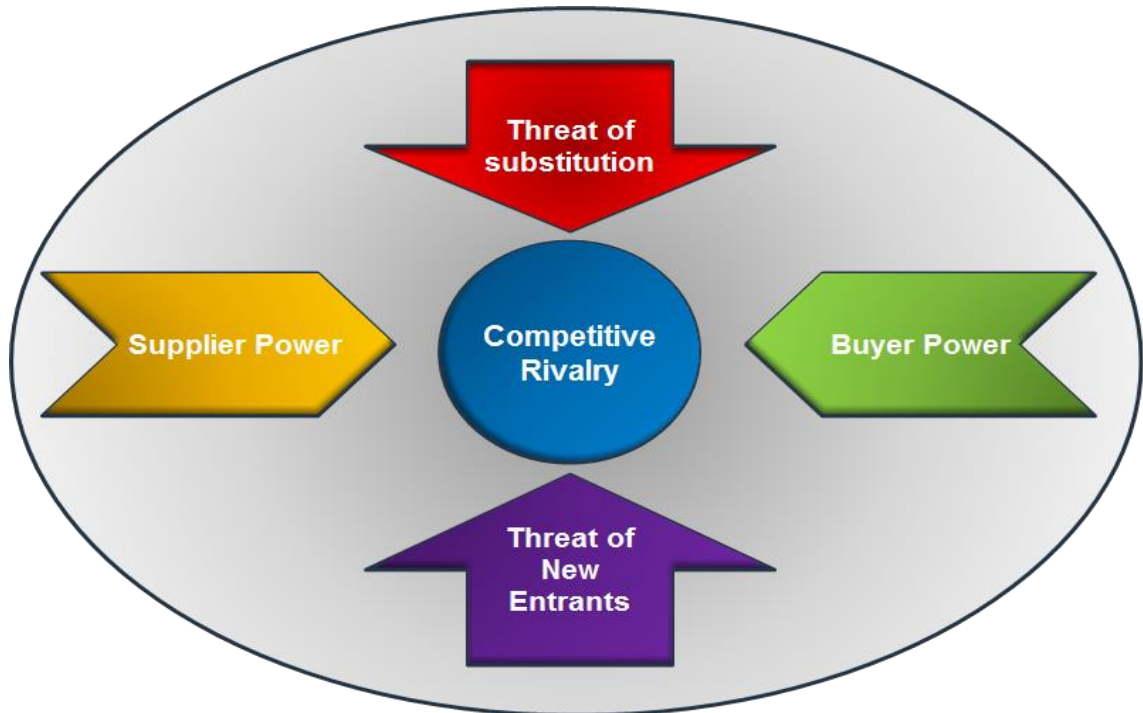


Figure 7 Visualization of Porter's Five Forces (Cambridge Professional Academy Ltd, n.d.)

At the centre of the model sits the force of competitive rivalry. This force analyses the nature and intensity of market competition, which is determined by factors such as the market's competitor saturation and the competitors' ability to differentiate and thus compete for market share. High rivalry competition is most present in markets where e.g. the amount of competitors is low or the market is still in its developing and growing phases. A high level of competitive rivalry within a market brings risk of cutthroat pricing and advertising wars. (Arline, 2015) High competitive rivalry usually presents itself in market conditions where e.g. there is a large number of competing forces and the market lacks clear dominance by one single party. Rivalry can be especially intense in industries where the end products are to an extent standardised and lack clear differentiation and competing enterprises are similar in size and possess similar amounts of resources, such as the construction industry. (Wilkinson, 2013) In conditions of oligopoly – a market condition in which the market is shared by a limited quantity of operators who compete over limited sources of income (Investopedia, n.d.) – market players on occasion may engage in collusion, a phenomenon in which two or several market competitors join forces in secret to affect the environment in their favour. A common example of this kind of behaviour in certain industries is the formation of

illegal market cartels which aim to control market prices and output levels (Policonomics, 2012).

The second external market force introduced in Porter's theory is the bargaining power of suppliers. In practice, this means the suppliers' ability to govern the availability and pricing of the products required by enterprises in the production of goods & services. Additionally, the number of suppliers of a specific product affects the suppliers' bargaining power over enterprises as the less options there are for sourcing necessary items the more the suppliers can govern and affect factors such as pricing and availability. (Arline, 2015)

Third comes into play the bargaining power of customers. This force refers to consumer masses' power to affect the level of pricing and the quality of the goods and services they consume. When the amount of customers in a specific market is low, enterprises have to compete more heavily in terms of product pricing and quality. In situations where the products in the market are very similar in nature in terms of attributes and pricing, customer power increases. Additionally, when goods are purchased in small amounts or a company is able to effectively differentiate its products from those of competitors, customer bargaining power decreases. (Arline, 2015)

The force of *Threat of New Entrants* studies the nature of the market in terms of ease of market entry by new arriving competitors. If the market is sophisticated in nature in terms of for example regulatory issues, difficulty of production, cost advantages or access to inputs, the threat of new market entrants obtaining market share remains low. (Arline, 2015)

Finally, when discussing the threat of substitutes, one essentially is discussing the potential of consumers switching to competitors' products which possess similar or the same attributes. If the pricing strategies of competitors are similar, the threat of substitution increases further as a variety of brands and products are available with nearly matching prices. The threat of substitutes can be studied by looking into the amount of direct, rival competitors & their offerings and by researching the financial performance of the competitors in terms of goods sold and profits earned. (Arline, 2015)

Enterprises can utilise Porter's Five Forces theory as a tool in analysing the targeted market environment which they aim to penetrate and operate in. This kind of analysis is especially useful and applicable when mapping out Chinese market conditions and the external factors and forces which affect market behaviour in the country, as many Finnish small-to-medium-sized enterprises (SME) that belong in the prime demographic of potential market entrants are only experienced in local or Northern markets. In the Chinese market, many of the traditional rules and norms accustomed to by enterprises operating in Finland do not apply. The Chinese market, across industry borders, possesses its unique traits, properties and variables in terms of competitive behaviour, customer & consumer perceptions, regulatory bodies and risks regarding product substitution, imitation and bootlegging. Therefore, it can be argued that in order to design and formulate successful operational and strategic plans regarding China market entry, enterprises must be able to effectively gather and analyse industry data.

3.4.2.2 Marketing Strategy

When making plans for introducing a product or service to a new market, a proper marketing strategy is essential in order to achieve successful results. When constructing a marketing strategy for a product, several key issues must be researched and addressed.

Firstly, especially when entering a new market overseas, proper and in depth ethnographic consumer & customer research is essential as in order to effectively market one's goods and services one must be aware of the local consumer culture, consumer habits and mindset within various consumer groups and segments and the underlying motivations and drivers of consumer behavior which can be used in attracting the interest of the consumer base.

After conducting boots-on-the-ground consumer & customer research and studying the data gathered, enterprises can move forwards with planning the strategic aspects of their market entry with a product. In this phase, marketing strategists should study and make decisions on the consistence of and factors included in their *Marketing Mix*.

The *marketing mix*, as defined by Kotler & Armstrong in *Principles of Marketing* (2011, pp. 51-52) is "The set of marketing tools that the firm blends to produce the

response it wants in the target market.” The marketing mix has been discussed by many industry professionals, theorists and researchers, and the consistence of the mix has certain variations depending on the individual discussing it. In general and most usually the mix is said to consist of *The Four P's*, which are;

1. Product

- The unique combination of solutions, goods and services offered by an enterprise.

2. Price

- The cost necessary to be paid by consumers and customers in purchasing and acquiring an enterprise's goods and services. Prices of products can be standardized, for example in retail sales, or they can be individually negotiated with each customer if the goods and services offered are more individual and sophisticated in nature.

3. Promotion

- The activities that govern spreading information about one's goods and services. Essentially, the methods used to market the product to the customer base in attempts to persuade customers to make a purchasing decision.

4. Placement

- This area governs the activities related to making the products and services offered available for consumers. Questions such as whether to sell directly or through retailers or dealerships are included in the category.

In addition to the aforementioned ingredients, additional three *P's* have on some occasions been included in the mix. The additional, occasionally used ingredients are *Packaging, People* and *Positioning* (Tracy, 2004). In discussing the relevance of the *marketing mix* in SIWS industry enterprises' China entry, the traditional *Four P's* model will be employed. For enterprises, it is crucial to understand the interdimensional relationships of these four factors with regards to successful market positioning and asserting one's position in the vast market, as an effective marketing strategy regarding China entry will directly enhance enterprises' capability to function in the region. For a

targeted exemplary application of this theory regarding a Finnish enterprise's entry into the Chinese snow & market, see the case study in Anonymised Appendix A.

3.4.2.3 Blue Ocean Strategy

One of the key strategical measures enterprises can apply when competing in a cutthroat market such as the one of China is the so called *Blue Ocean Strategy*. Introduced to the world of business by W. Chan Kim and Renée Mauborgne in 2005 in their book *Blue Ocean Strategy – How to Create Uncontested Market Space and Make the Competition Irrelevant*, the theory revolves around the questions of how to achieve both growth and profitability at the same time and how to position oneself in a cutthroat market and achieve success by making competitors irrelevant to success in high-stakes rivalry competition. The theory studies strategy from the perspective of market competition by explaining how to connect the ideals of connecting customer needs with resources and knowledge which makes it ideal for organizations aiming to discover opportunities to differentiate themselves and thus achieving sustainable competitive advantage.

The core of the concept lies in the idea of creating completely new, uncontested market space by ignoring competitors and completely seizing attempts of beating competition, hence the name *Blue Ocean Strategy*. According to the theory, every single market across industries can be divided into red and blue oceans. Red oceans represent already known market segments and areas where competition has standardized. In this kind of market space, cutthroat competition and the battle over market share has “turned the water red” as a manner of speaking. Blue oceans, however, represent undiscovered market space and market segments where generating demand and achieving sustainable, profitable growth is still possible. Blue oceans – or profitable and developing market space – can be created far away from existing industry boundaries but can exist within red oceans as well, where they can be set in motion by expanding industry boundaries and barriers. In blue ocean market space, competition becomes irrelevant as the common rules of operating have not yet been forged. (Kim, Mauborgne, 2005. pp. 25)

3.4.3 Critique

In a market environment as competitive and rapidly evolving such as that of China, Finnish enterprises must be able to utilize the kinds of analytical tools such as presented here when formulating their plans of approach. Naturally, simply relying on an aged set

of analytical tools will not provide an enterprise with the full image of the environment as the Chinese market possesses in its way its unique variables in terms of issues such as regulatory, legislative and socio-political constraints. However, relying on time-tested methods in mapping out the general environment of the target market, a Finnish enterprise can construct a solid basis of principal knowledge on which to begin build their respective strategies regarding market entry on.

Both Porter's theory and the concept of the *Marketing Mix* have seen their fair share of criticism. The *Five Forces* model, regardless of its usefulness in mapping out the *general* market and industry environment with regards to external factors affecting competitor, supplier and customer behavior, is rather vague in its approach and touches the subjects without real, conceivable depth. Enterprises that make the mistake of assuming that simply studying a market environment by applying only a single theoretical approach is sufficient in formulating strategic plans of approach stand at risk of falling victim to miscalculation and error which, if unaddressed, could potentially lead to fatal errors in strategic planning. Second, the theory fails to deliver in terms of both detailed structure and strategic insight as the approach possesses a tendency to view issues from only a qualitative perspective, lacking any significant quantitative input. A common misassumption regarding the end purpose of applying the *Five Forces* theory is that it would only provide insight and measurement of the attractiveness of an industry or a market, rather than being applied as a tool in analyzing the market environment in order to enhance an enterprise's operational effectiveness. (Dobbs, 2014, pp. 33-34)

A common criticism (Zineldin & Philipson, 2007. pp. 229-230) of the *Marketing Mix* is that its effectiveness varies greatly across industries, and that it does not transfer to industries where products are intangible – such as the service sector – and that the model fails to take into account the importance of supplier-customer relationships. The writer recognizes said flaws in the model, as the *Marketing Mix* focuses solely on studying an enterprise's marketing operation from the perspective of output and the product itself. An approach such as the one of the *Mix* surely is applicable in sectors such as retail, where the focus is on mass sales of standardized products. When discussing markets more niche in nature or markets where the products are more

intricate in nature and often consist of a combination of products and service through detailed service models, the importance of building lasting buyer-seller relationships increases (Rafiq & Ahmed, 1992, cited in Zineldin & Philipson, 2007).

Analysis conducted disconnectedly from afar prior to beginning operations is by no means in itself an effective tool in constructing an accurate pool of information regarding the unique functions of the Chinese snow & ice market. In the writer's opinion, it is equally important to probe the target market by connecting with the right channels and thus opening doors for future cooperation. Therefore, the writer wants to emphasize the importance of "learning by doing" when conducting long-term business in China, as in taking the leap into the "unknown" and constructing one's final view on the issues through experiencing the market culture personally and on a first-hand basis.

4 Keys to Successful Business with Chinese Enterprises and Businesspeople

When discussing China as a business region, it is important to understand the differences in the principles of operating in the region compared to the set-in-stone ways of conducting business in the Western world. China, not only as a target of business endeavours but also as a nation with a deep and rich unique culture has a multitude of layers which should be studied and respected by those willing to involve themselves in rapidly developing markets of the growing financial and economic behemoth.

This section of the thesis focuses on understanding several of the main critical issues related to doing business in China, which will be discussed from a variety of perspectives. Beginning with an introduction and discussion of the relevance of Cultural Intelligence in successfully building business relations, the section will mainly focus on the differences in professional culture and manners of operating. The section continues by presenting to the reader some insights on issues of proper etiquette when engaging in social interaction with Chinese enterprises and businesspeople and how etiquette and culture intelligence are both heavily involved in successfully creating long-lasting mutually beneficial long-lasting professional relationships. Lastly, the concept and relevance of being *China Ready* will be introduced to the reader. The subject includes

discussions from the viewpoints of branding, localisation and corporation mind set & state.

4.1 Cultural Intelligence

-“...an outsider’s seemingly natural ability to interpret someone’s unfamiliar and ambiguous gestures the way that person’s compatriots would.”

(Earley, Mosakowski, 2004.)

The concept of Cultural Intelligence can in its essence be defined as being in possession of the skills required to understand and correctly interpret the actions, communication and behaviour of those originating from a differing cultural background in order to eliminate or greatly lessen possibilities of misunderstanding or other forms of communicational clashes which could hinder and affect the outcomes of business ventures and all social processes involved.

When discussing Cultural Intelligence with regard to Chinese business culture and involved practices, it is important to understand that by being culture intelligent enterprises and their representatives can ensure a positive outcome. To further enlighten this topic, several key items closely related to maintaining one’s reputation and as such one’s ability to develop professional business relationships in China will now be discussed.

4.1.1 First Impressions are Vital

One could easily underestimate the importance and effects of first impressions when engaging in business activities in China. In many cases, the behaviour and conduct of a representative will determine the counterpart’s received image of the represented enterprise as a whole. By failing to demonstrate ability to commit to the endeavour, or by other means failing to make a positive first impression, one could hinder an enterprise’s future possibilities of networking, cooperation and conducting business as word of negative occurrences and of cases in which a foreign enterprise fails to display trustworthiness or by other means demonstrates being unpleasant to work will spread in local professional communities.

As key focus points for making good first impressions one could mention the following:

1. Come prepared
 - Know your objectives and organisational goals regarding cooperation and business with local professionals and enterprises.
 - Demonstrate initiative by preparing preliminary proposals regarding further action.
2. Do not jump straight into business when first meeting with local businesspeople
 - Trust is everything in doing business in China. Before serious discussions regarding cooperation, business operations or other issues a deep sense of trust must be built between the parties involved.
 - Much of Chinese business relationships are built on friendship, which in practice means getting to know who you are going to be working with before putting one's cards to the table.
 - By building trust and friendship, a mutual understanding of the objectives, scope, commitment and nature of cooperation is easier to achieve, which in turn results in an equally beneficial relationship for all parties involved.

4.1.2 Maintaining Face

The concept of maintaining one's face in China is essential in conducting successful business in the country. As already mentioned in 4.1.1, a representative's behaviour and methods of conduct will directly affect an enterprise's image in the eyes of Chinese professionals which makes maintaining one's face a critical issue in enabling trust & friendship building. In the country, the concept of "Face" represents a person's reputation in a variety of layers in society. In business, "Face" is involved in a variety of ways. In China, organisational structures are traditionally very hierarchical, whereas in the West increasingly more organisations have adopted a more so called lean structure. This means that in China, the hierarchy of the company is much more visible and evident. Managers are placed on a visibly higher pedestal in terms of interpersonal respect and conduct, and subordinates are expected to follow orders and requests without hesitation or questioning. By disobeying one's superior one directly puts the manager's Face at risk. In addition to its applications within an organisation, Face is also present in inter-organisational communications and trust building between business partners. When Chinese businesspeople of a similar status and position in their

respective organisations are in the process of building friendship and trust, Face is applied, given and received equally to support the development of the interpersonal relationship and to provide both parties with a similar understanding of the nature of the relationship. (Upton-McLaughlin, 2013)

The concept can include a multitude of various issues which need to be acknowledged by enterprises and organisations planning China entry, but to clarify and simplify the concept in an understandable manner some examples will be used.

1. Do not make promises you cannot keep
 - When engaging in business with Chinese businesspeople, it is important to keep your feet on the ground and not exaggerate your capabilities as failures to deliver in time or at all greatly affect one's reputation.
2. Do not put anyone in a position where he/she is at risk of losing Face in the eyes of his/her colleagues or superiors
 - This can happen when, for example, a member of a business delegate visiting a Chinese company in some manner fails to deliver what promised or acts in an ill-mannered way. This not only negatively affects the Face of the person directly but that of the person(s) responsible for inviting the delegate if it was their responsibility to bring in organisations and businesspeople who potentially could be of use to the company.
3. Remember to give Face when due
 - If engaging with a person who is of a higher rank in their organisation or if they are older and thus possess more experiences in life and in business, showing respect accordingly is an effective way to give Face.
 - If the hosting party in some manner is responsible for an event or experience appreciated by the one visiting and being hosted, demonstrating gratitude and thanking the host for example during dinner can give Face to the host.

4.2 Etiquette

With regard to proper etiquette in situations when interacting with Chinese enterprises and businesspeople, some key items should be acknowledged. To those unfamiliar with the business & professional culture of the nation, putting such emphasis on little things may seem bizarre. Naturally, to an extent it is not by all means deal-breaking if one

forgets to enact the proper etiquette in some situations as foreigners are not expected to possess deep knowledge of all etiquette-related practices. Nevertheless, by demonstrating knowledge of the nation's professional cultural details, one can only benefit as it will boost initial first impressions. Presented here are several etiquette-related issues observed by the writer during his visits to China and attendance at official meetings, dinners and other social engagements, knowledge of which will greatly aid anyone willing to engage in business activities in the country.

- Business cards
 - Business cards should be given and received by holding the card with both hands, front facing up. After receiving a business card from someone, it should be read instead of directly stowing it away, thus demonstrating interest in the other person.
- Gifts
 - In China there is a strong culture of gift giving in business. This relates to the culture of friendship & relationship building in Chinese business. When a delegation is hosted by a Chinese business or organisation, gifts are exchanged commonly at a socialising dinner hosted by the local party. Regarding the question of exactly what kinds of gifts can be given there are a few general guidelines. As a general guideline, direction towards items which are not expensive or of great monetary value is recommended as expensive gifts can be perceived as an act of bribery, all forms of which are strictly forbidden in China. Additionally, the gifts should somehow represent the company or for example something related to the culture of the company's country of origin. (Wang, Zhang, Goodfellow, 1998. pp. 111-113)
 1. Gifts are to be given only after all business-related activities have concluded, and as acts of friendship between the parties.
 2. One should never give money as a present. Giving money as a gift references to bribery and corruption which are heavily resented in the nation.
 3. Clocks of any kind are not a wise choice for a business present, as in traditional culture clocks are regarded as items associated

with funerals and death. Such is also the case with the number four, pronunciation of which closely resembles that of the word for “death”.

4. Giving any sharp or edged items as business gifts is not wise as said items can be perceived or interpreted as tools of severing a bond.
5. Gifts are usually opened in private after the event during which they are received, instead of in the presence of the gift giver.

4.3 Culture Business Intelligence™

While it is important to be *Culture Intelligent* when engaging in business with Chinese professionals, the concept in itself is hopelessly vague in terms of explanation and applicability. Therefore, it is important to delve deeper into the subject of how to reshape the concept of culture intelligence and apply it in business operations; knowledge of China’s cultural aspects and professional etiquette is not alone enough to make a business venture successful.

The concept of being “China Ready” is in present times applied especially in the area of travel solutions design when adapting current offering of enterprises to cater to the Chinese taste. According to WSIF Secretary General Annamari Lammassaari (personal communication, October 2016) the term “China Ready” directly translates to “remaking of the offering based on the interest of the Chinese taste, preference or business agenda” A product is simply regarded as a source – not as a ready product, says Lammassaari.

In all sectors across industries, from B2B to B2C its is equally important to find the “Business Culture Keys” to unlock and tap into the full potential of the potentially lucrative and very much growing market of Snow & Ice and Winter Sports.

This issue has not been discussed properly and in depth in any *How to do business in China* -literature by present day. To answer to the lack of discussion on the topic, based on decades of cooperation and China insight in decision making processes, Annamari Lammassaari has developed the concept of Culture Business Intelligence™.

During the coming years of preparation for the 2022 Winter Olympics, the potential of the SIWS market of China will be identified and targeted by many enterprises across industry borders. In practice, this means that solutions, products and services very similar in nature and structure will be available for Chinese partners and enterprises to choose from. To effectively compete in the growing market, according to Lammassaari, companies would be wise to let go of and put aside any existing fixed product or service structures and ways of thinking and move to the another decision making and perception context, *the China Way*.

The previously introduced concept of *Cultural Intelligence* appears to be too superficial and vague in its approach and does not provide any in depth guidance and does not promote the real impact that can be achieved if interpreted only as a behavioral approach. Culture Business Intelligence™, introduced by Annamari Lammassaari in 2008, is a concept which begins by defining (1) the business goal of the enterprise, and the corporate vision for the achievable milestones and benchmarks for success during the company's long term commitment to business in China. By repositioning (2) the solutions, product and service offering for the customer and consumer needs in China, determined by Chinese stakeholders and their perceptions of how they want their product, companies have in their hands the keys to potential success in the region. This concept can be simplified in one picture representing the Chinese hybrid of Coffee and Green Tea. Figure 3 below represents an example of successful product repositioning as a means of catering to Chinese tastes. (A. Lammassaari, personal communication, October 2016)



Figure 8 Can you give up coffee the way you know it?" (A. Lammassaari, n.d.)

4.3.1 Decision Making the *China Way*

A seriously misunderstood and alarmingly neglected element of Chinese decision making regarding any professional or business matter is the key role of traditional beliefs and their tangible and visible effect on the decision making process of business deals and contracts. To shed light upon this issue, brief informative discussions from the viewpoints of the concepts of social harmony and *Guanxi* – interpersonal relationship networks – will follow.

4.3.1.1 Confucius and Group Decision Making

Discussed by Robert J. Taormina in his 2014 text *Social Harmony in Decision Making: Costs and Benefits in Chinese Society*, the relevance of Social Harmony in Chinese decision making culture is a concept worth acclaiming in order to understand the core differences between the Western culture of individualism and the deeply-rooted Chinese culture of and belief in the betterment of the group.

Historically, the concept of *Social Harmony* was instituted to the Chinese society and Chinese culture over two millennia ago by the philosopher and teacher Confucius. The core of the concept lies in the belief of placing the desires of one's social group over one's own agenda and objectives in events of conflict, making harmony in society achievable. Social Harmony, according to Confucius, should exist in all levels of the entire social sphere, from family hierarchy to governance. (Taormina 2014)

As a byproduct of Confucius' heritage, the concept of "Groupthink" is very relevant in today's Chinese decision making culture. In its essence, Groupthink is defined as "*a mode of thinking people engage in when they are deeply involved in a cohesive in-group, when the members striving for unanimity override their motivation to realistically appraise alternative courses of action*" (Janis, 1982, pp. 9, quoted in Rose, 2011). In Layman's terms, this translates to members of the group setting aside their personal beliefs on a matter, praising the popular opinion for the purposes of reaching social harmony. In many cases of Chinese corporate decision making, the popular opinion is that of the person highest on the social group's hierarchical ladder, as – as stated on page 28 – subordinates are expected to obey the wishes their superior. This can lead to various organizational and operational mishaps and errors as individuals can be reserved in voicing their differing opinions and concerns regarding certain matters.

Group decision making, or Groupthink, regardless of its possible negative impacts can have a positive effect in a decision making process as well. In a situation where individuals of relatively similar position from separate organizations are in negotiations over e.g. a contract and there is no risk of a superior setting the premises of negotiations, group decision making can help in achieving a mutually equally beneficial solution, as reaching social harmony is the prime objective.

4.3.1.2 *Guanxi* – the Role of Interpersonal Relationship Networks and the Functions Within

One of the single most unique aspects of Chinese business and relationships in general is the concept of *guanxi*. The concept has no accurate direct translation in any language, but it is a critical part of being able to successfully conduct business activities in the country. The concept can be roughly and simply translated as the mutually beneficial interpersonal relationships between parties and individuals and the functions within which act as the governing guidelines of building interpersonal trust through obligation and indebtedness between parties involved. The concept is in its way a system of giving and receiving favors, which ideally leads to a situation in which parties involved work towards the betterment of the relationship as a whole through a feeling of indebtedness towards one another. (Guan, 2011)

Culturally, the concept of *guanxi* relates to the heritage of Confucius. By working towards a common goal by keeping all parties involved committed to the cause through obligation, the risk of a rogue actor dishonoring the interpersonal relationship and thus resulting in loss of Face is managed in a system where the interpretation of legal issues is very much a subjective matter. In the concept of *guanxi*, favors act in their way as a means of exchange and generating mutual value within the relationship. The way this works in practice, is that by giving favors to the other party, one accumulates obligation and debt which the other party will return by giving favors on their behalf. (Guan, 2011)

According to Mao Zhao, CEO of Huasheng Financial Voice of China Media Group and Board Member of World Snow & Ice Forum, understanding of the principles of the concept of *guanxi* is essential when planning and conducting China entry. As success in the region is heavily reliant on one's ability to build professional relationship networks,

understanding the principle functions on which relationships in China are built is a major key to tapping into the growing market. (M. Zhao, personal communication, 2016)

5 Conclusion

As the winners of the bidding race over the hosting rights of the 2022 Winter Olympic and Paralympic Games, the Chinese cities of Beijing, Yanqing and Zhangjiakou will be target to great investments in the fields of infrastructural design and construction, personnel education and training and cultural redirection. As the culture of winter sports & activities and winter in general is very much a niche interest among the populace at this point in time, the Chinese government has taken responsibility of orienting some 300 million Chinese towards enjoying the world of winter, snow & ice which brings great opportunities of growth and development for the Finnish Snow & Ice and Winter Sports (SIWS) industry.

In addition to industry areas related to on-site activities in China with regards to building, encouraging and spreading winter related culture, great opportunities lie at home. The Chinese, according to a research study mapping Chinese outbound and inbound tourism, are the world's largest and single most important traveling mass both in terms of volume and money spent on travels, topping some \$215 billion in money spent on abroad travels in the year 2015. (World Travel & Tourism Council) This brings great opportunities to the Finnish winter-related service sector in terms of tapping into the enormous cash flow that will most likely see even more growth in the years to come.

It is in the questions of how to approach China entry in terms of strategy and how to position oneself in the market space where lie the greatest challenges regarding successful transition from the familiar into the unknown. In terms of strategy, there is no one single solution, as different industry sectors function on varying paces and standards of procedure. As an example, one could compare the sectors of construction and service design with regards to SIWS industry projects; in construction, the norms of operating in terms of the final product can be considered standardised, whereas in the sector of service design of winter culture, the full nature of the final, culturally localised product is clouded as the Chinese idea and perception of winter culture is still a

developing one and will continue being so for years to come. As learned in the example of “Green Tea Latte” (see page 31) the Chinese perception of an end product can differ greatly from the original product concept presented to the market.

Identifying the key factors which affect the pace of development and action within a market and an industry with regards to the general environment within is essential for enterprises in order to achieve desired results and reaching set performance benchmarks. As mentioned afore, these factors are not standard across industries, but rather constantly evolving entities changing in nature, responding to market developments and trends. When discussed from the perspective of the 2022 games, this statement could not be more relevant. In industries where the nature of the end product is more or less unchanging with regards to its core properties, such as venue and infrastructure construction, projects are expected to move forward on a fast pace to ensure completion prior to the events which in turn creates pressure for enterprises in the field to push their product to the market. In these kinds of situations, the time constraint is very present as there may not be time for extensive pre-entry market analysis and research due to the high demand for time-efficiency. Contrastingly, in industries focusing on service design in the field of winter culture for example, time is not such a critical constraint with regards to market penetration and asserting market position as the core nature of the market is still in continuous development; as the concept of Chinese winter culture is still being moulded, the process of which will continue to bring change in market for many years. Enterprises operating in this field are suggested and even required to conduct extensive ethnographic market research to fully map out the expectations, perceptions and future outlooks of the Chinese consumer and customer masses with regards to their respective product and service offerings.

However, there is only so much an enterprise can gain through the employment of analytical and research tools in terms of pre-entry information. One can only fully see the forest from the trees by connecting oneself with the right partners and organisations and seeing the future market environment first hand. By beginning the process of building vast professional and personal networks in the country before entering the market, enterprises can ensure better chances of success in the long term.

Regardless of differences in the nature of markets across industry borders, there are several common key properties all enterprises across industry borders must possess in order to be able to make the most of their venture in China. Firstly, anyone who wishes to enter the Chinese market and successfully operate within it must be ready for a long-time commitment not only in terms of business but also in terms of building and maintaining professional relationship networks. Secondly, a sense of steadfastness must be present in the organisational mind set when operating in a regional market of the calibre of that of China. Results may not present themselves immediately or in the form expected when first mapping out possibilities for business success in the region, as the Chinese market operates in its own special way in terms of procedure, standards and functions. Therefore, firms must not be discouraged if the first results of operations differ from those expected. Building a successful long-term business operation in China is a time and energy consuming process, and firms must recognise the critical value of being able to sustain momentum even in climates of uncertainty and when something does not go as expected. Lastly, the ability to pick out the correct partners is a critical part of a successful operation in the region. By partnering with the right organisations, enterprises and businesspeople, Finnish companies can make great progress with regards to their operational goals.

In conclusion, it will be interesting to follow the development of China's new born winter culture and snow & ice market. During the times preceding the 2022 Winter Olympic and Paralympic Games, China is to experience a paradigm shift – a fundamental change in the ways of thinking about a certain issue (Cambridge Dictionaries Online, 2016) – of sorts regarding the public perception of winter culture, winter sports and all activities involved. This coming change in public perception and the slowly accelerating awakening of the behemoth that is to be the Chinese Snow & Ice and Winter Sports market will surely How Finnish Snow & Ice and Winter Sports industry enterprises address this rapidly growing market predicted to see exponential growth in the years to come is up to them, but the writer hopes to see Finnish professionals in their respected industry fields stepping up to the challenge and taking a leap of faith into the great unknown, where opportunities of great calibre await. In the words of Sun Tzu (Giles, 1910, pp. 65); “*whoever is first in the field and awaits the*

coming of the enemy, will be fresh for the fight; whoever is second in the field and has to hasten to battle will arrive exhausted”.

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Appendix A

Case Study

Due to confidentiality reasons, the contents of this appendix have been edited out from this version of the thesis.

Appendix B Introductions of Interviewed WSIF Organisation Members and Industry Professionals

Mr. Mao Zhao, CEO of Huasheng Financial Voice of China Media Group, Member of the Board of World Snow & Ice Forum

Huasheng Financial Voice of China Media Group is one of the largest new media companies in China. The company employs some 700 people, has formed over 2000 partnerships with Chinese journals, news media & TV and owns 7 newspapers and 5 magazines. The company's on-line media is highly ranked in mainland China. Huasheng Financial Voice of China Media Group's customers are leading Chinese corporations. Its customers include China Mobile, Huawei, ZTE and other leading companies in China, and it is to become listed during 2016.

The company's founder and Chair Mr. Mao Zhao previously worked as a journalist in the national Xinhua News Agency. Huasheng's investment and business division organizes VIP trips for private members of Chinese CEO clubs, government officials, journalists and other influencers all around the world to meet and create networks with leading influencers in business and society.

Ms. Annamari Lammasaari, Secretary General of World Snow & Ice Forum

Annamari Lammasaari heads the Europe - China cooperation and has worked successfully with Mr. Mao Zhao for 15 years supporting small & medium sized enterprises and large corporations to make a statement in the crowded Chinese markets. From KONE to Kemppi, from CIMO to Shanghai World Expo, from the world's largest exhibition organizer Canton Fair to SME's, from leading Chinese health chain Huaxia Liangse Wellness in Europe to NGO's etc.

Mr Harry Huming, Founder of DPS Consulting, Member of the Board of World Snow & Ice Forum

As former General Manager of Outbound Department of China CYTS Tours Holding Co., Ltd. (CYTS, China Youth Travel Service) , one of the top three tour operators to first provide outbound travel service in China, Mr. Huming has made great contributions to China's outbound travel market. Mr. Huming is the co-founder and president of DPS Consulting Co. Ltd, a leading destination marketing and planning company in China, with a long list of international clients. Mr. Huming's most recent key achievements include winning the following contracts and leading the team:
GSA of Belmond (2014 – 2016) (Belmond is formerly known as Orient Express)
GSA of LUX* Resorts (2008 – 2015)
Public Relations Services for Turkish Tourism (2008 – 2016)
Representative (trade agency) of Namibian Tourism Board (2007 – 2016)

Appendix C Question Excerpts From Interviews with World Snow & Ice Forum Board Members

Annamari Lammassaari

As Secretary General, can you tell me about ongoing Finnish-Chinese WSIF joint projects?

In your opinion, what is the relevance of Culture Intelligence in terms of doing business in China?

What does it mean to be China Ready? If you will, could you summarise your own view on the concept?

How does cultural awareness translate to everyday business practices in the Chinese market?

You have trademarked a concept named Culture Business Intelligence. Could you tell me the specifics of this concept and how has it translated to your own experiences in the Chinese market?

Harry Huming

How would you describe the current state of the Chinese outbound travel market?

Has the Chinese travel market seen or is it seeing developments with regards to winter tourism?

As an industry expert in tourism and travel, how do you see the the potential of Finnish winter-season locations in terms of attracting Chinese tourists?

Mao Zhao

How you would describe the concept of *guanxi*?

In your words, what is the relevance of interpersonal communication skills to successful business?

What is the importance of a firm's capability to build lasting professional relationships?