The Impact of Knowledge Acquisition on Developing a New Launch Strategy into China

Kristine Sickels

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The Impact of Knowledge Acquisition on Developing a New Launch Strategy into China

By

Kristine Sickels

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree Of Executive Doctorate in Business In the J. Mack Robinson College of Business Of Georgia State University

GEORGIA STATE UNIVERSITY

ROBINSON COLLEGE OF BUSINESS

2017
ACCEPTANCE

This dissertation was prepared under the direction of the Kristine Marie Sickels Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Executive Doctorate in Business in the J. Mack Robinson College of Business of Georgia State University.

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Challenged by nominal revenue growth rates in their developed home markets, many MNCs are enticed to drive revenue growth through geographic expansion. Thus, for many firms, launching into emerging markets has become a key growth priority. Because international expansion and the marketing strategy guiding it is always challenging, organizational learning is key. However, researchers have yet to closely examine the relationship between organizational learning and marketing strategy. This research seeks to address that gap. When firms enter new markets, the marketing mix framework represents a subset of decisions they must make. This study analyzes an MNC’s 4Ps (product, price, place, and promotion) through the lens of emergent strategy, exploring how an MNC’s marketing launch strategy in China emerges over time through knowledge acquisition. Using the case study method, this research examines how four types of knowledge acquisition—congenital, vicarious, experiential, grafting, and sensing and noticing—influence the firm’s marketing mix to emerge and change over time. A conceptual framework illustrates how each element of the marketing mix is realized or emerges through the four knowledge acquisition activities.

*Keywords*: Marketing Mix, Emergent Strategy, Knowledge Acquisition, Organizational Learning, Case Study, China, Emerging Market, Marketing Strategy
1.0 INTRODUCTION

It is no surprise that emerging markets offer a substantial growth opportunity for multinational companies (MNCs). As the PwC report, *The World in 2050*, projects, the world economy could more than double in size by 2050, with emerging markets growing twice as fast as advanced economies and potentially increasing their share of GDP from 35% to nearly 50% (PWC, 2017). These emerging economies offer a clear opportunity for MNCs. Given this opportunity, coupled with nominal growth rates in their developed home markets, many MNCs are seeking to drive revenue growth through geographic expansion. Indeed, launching into emerging markets has become a key growth priority—one that is intensified by factors such as market attractiveness and market size.

What is surprising is that MNCs often use market size alone as the sole determinant for launching into a new region, placing far less significance on the challenges entailed by foreignness and cultural distance (Yeniyurt, Townsend, & Talay, 2007). Enamored sheerly by population size, these firms often wrongly assume that success is certain through obtaining nominal market share. Yet countless examples exist of brand and product launch failures into emerging markets. Top management teams (TMTs) often establish a local sales force despite knowing little about the cultural differences and market contexts affecting the habits and usages of local choosers and users (ch/users). However, as firms look to expand beyond their home markets, understanding these issues becomes not only important, but also essential to their success.

Because economies are rapidly evolving, companies must have dynamic and flexible operating strategies if they are to succeed when launching into new markets (PWC, 2017). Although practitioners typically invest significant resources into creating marketing strategies to
launch in emerging markets, and researchers have analyzed the internationalization process of firms, the literature has yet to thoroughly examine how marketing strategies emerge over time as firms enter new markets. An effective market strategy requires a myriad of inputs, activities and insights from multiple actors. When launching into new markets, an organization must continually acquire knowledge and use this learning to shape and reframe the elements of its marketing mix. By examining the marketing mix framework through the lenses of both emergent strategy (Mintzberg, 1979a, 1988) and organizational learning’s (OL’s) knowledge acquisition concept (Huber, 1991), this study explores how an MNC in the consumer products industry constructs and emerges its marketing strategy. This study seeks to advance knowledge by examining how scholars and marketers might employ these theories to develop marketing strategies for emerging markets.

Specifically, the study examines the MNC’s trials, tribulations, triumphs, and failures with an eye on the extent and impact of OL that ensues during this process, as well as how the marketing mix emerges over time. The research design, guided by Mathiassen et al., (2012) defines the study’s composition. Figure 1 shows Mathiassen et al.’s (2012) framework along with related study data.
<table>
<thead>
<tr>
<th>Component</th>
<th>Definition</th>
<th>Dissertation Approach</th>
</tr>
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<tbody>
<tr>
<td>P</td>
<td>The problem setting represents people’s concerns in a real-world problematic situation. MNCs are looking to deliver growth through geographic expansion. Launching unfamiliar brands and product innovations in emerging markets is complex; TMTs therefore look for best practices to help them develop a market entry strategy with the highest likelihood of success.</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>The area of concern represents some body of knowledge within the literature that relates to P. Launching in emerging markets and the marketing strategy; marketing mix.</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>The conceptual framing helps structure collection and analyses of data from P to answer the research question (RQ); F_A draws on concepts from A, whereas F_I draws on concepts independent of A. - Emergent Strategy Theory (Mintzberg), - Organizational Learning Theory—Knowledge Acquisition Concept (Huber)</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>The adopted methods of empirical inquiry. A longitudinal, qualitative case study of an MNCs entry into the China market.</td>
<td></td>
</tr>
<tr>
<td>RQ</td>
<td>The research question relates to P, opens for research into A, and helps ensure that the research design is coherent and consistent. RQ: How does a marketing launch strategy into China emerge over time via knowledge acquisition?</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>The contribution of the inquiry. Cp: Learnings that help marketers optimize a marketing strategy via knowledge acquisition activities prior to launching into emerging markets. Ca: Historical account of how a marketing strategy emerges through the OL lens. Cf: Explore the role of knowledge acquisition (an OL sub-process) in the strategy process.</td>
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This study looks to fill a gap in literature on how OL’s knowledge acquisition activities specifically impact the marketing mix of an MNC launching into China. To do this, it uses the lens of emergent strategy theory and offers the following expected contributions to knowledge and practice: 1) It will examine if and how marketing mix emerges over time and influences the success of a global consumer products manufacturer’s efforts to launch into a foreign market. 2) It will explore the strategic role of distinct types of OL knowledge acquisition — congenital, vicarious, experiential, grafting, and searching. 3) It will provide a real-life, longitudinal case-based examination of an MNC launching into the Chinese market.

To begin, the study examines challenges that organizations face when launching into emerging markets. It then provides an overview of the setting in which the MNC chooses to launch a brand into China. Next, it offers a framework for evaluating the MNC’s marketing mix, using the lens of OL and emergent strategy theory, then provides an overview of its research methodology and data collection. Finally, the study concludes with a discussion of findings, followed by its contributions and limitations.

1.1 Problem Setting

The study’s setting is the consumer products industry. This is timely given MNCs continued and vigorous efforts to launch consumer products and brands in emerging markets across the globe. Launching new products into China is a particular lure for MNCs looking to attain growth beyond their home markets. With more than 1.4 billion people and a GDP growth rate of 6.5% (World Bank, 2016), China is a dream market for consumer product companies around the world. Not only is it on course to be the world’s largest economy—forecasted to account for up to 20% of global GDP by 2050 (PWC, 2017)—but also, the Chinese middle class
continues to grow. Indeed, McKinsey & Company forecast that 76% of China’s urban population will be considered middle class by 2022 (Dominic Barton, 2013). Given this growth of the middle class and their enormous spending power, private consumption of goods and services is expected to rise in China. The world’s largest population coupled with sizeable middle-class growth is clearly inspiring ever more growth-seeking MNCs, who often rush to launch into this relatively untapped market. Yet to date, the business performance of MNCs in China has been mixed.

1.2 Launching into the Chinese Market

A common error committed by firms launching into China is duplicating the home market strategy with no local adaptation whatsoever. What works in the West, however, cannot be applied directly to Chinese launches. In fact, such an approach can be a recipe for disaster; when marketers fail to understand the Chinese consumer’s motivations, their products “will die a quick and painful death.” (Doctoroff, 2005). Such a death has befallen many MNC launches in China—too many to list here. Whether due to brand names being inappropriately translated, products launching with little understanding of differing usage and habits of Chinese consumers, or simply an over simplification of cultural barriers that must be overcome, launching brands into China is not easy and market size alone is hardly a guarantee of success. Several companies have recently announced missteps in their China entry strategies. Netflix and Uber admitted they are re-evaluating their current marketing strategies due to disappointing sales results. Even firms such as YUM, which previously benefited from long-term growth in China, is preparing to spin off its local KFC and Pizza Hut businesses based on currency devaluation and food-safety scandals. Caterpillar experienced early success in the Chinese market, but is now facing the
stark reality of 24 straight quarters of declining sales due to slowed infrastructure growth (Linnane, 2016).

Despite the challenges, China cannot be ignored by firms with global aspirations; as Facebook’s Mark Zuckerberg put it, “You can’t have a mission to want to connect everyone in the world and leave out the biggest country.” (Linnane, 2016). Yet companies cannot expect to be successful by blindly and homogeneously applying a North American or Western strategy to the Chinese market. “The only way to escape the ruthless jaws of the market is to grasp [that] the difference between products and brands must be rooted in and built on fundamental insights.” (Doctoroff, 2005). To develop effective marketing strategies, companies must stimulate both formal and informal learning activities. “Insights hit the sweet spot of desire.” (Doctoroff, 2005). MNCs with successful brands in China evolved their marketing strategy over time. Starbucks attributes its success in China due its long-term commitment and to adapting strategies and product offerings to local markets (Wang, 2012). Successful organizations continually work to garner insights about the Chinese market and consumer, engaging in deep analysis and planning.

1.3 Introduction: Newell Brands and Its Rubbermaid Commercial Products Division

Newell Brands (NB) is a $15B Fortune 500 consumer goods company organized around 16 operating divisions. NB’s strategy, the Growth Game Plan (GGP), establishes a set of investment priorities for more than 50 of its major brands and places a high priority on geographic expansion. Currently, 70% of NB revenue is realized in North America. Given this, growth driven by geographic expansion—specifically into emerging markets such as China, India, and Mexico—is considered a strategic imperative to the firm’s long-term success and growth ambitions. Within the GGP, Rubbermaid Commercial Products (RCP), a brand with a
broad product portfolio, was deemed ripe for market expansion, specifically into China. RCP is both a consumer and commercial brand; it has high brand awareness and strong equity in North America among ch/users. RCP plays in four key product categories: 1) refuse and recycling, 2) cleaning solutions, 3) mobility, and 4) food service. Products in these categories are manufactured in the US and marketed to users and choosers across nine distinct verticals (see Figure 1). RCP’s North America positioning is tightly tied to its leadership in innovation and product benefits. “Only RCP products outperform and outlast anyone else” (#1) is the brand’s core proposition; the foundation of its North American success is built on durability, quality, and innovation. For example, the Brute® trashcan launched in 1973 and has become an icon of RCP in North America. Brute was a groundbreaking trash receptacle constructed from durable polycarbonate materials guaranteed not to chip, crack, crush, or rust—qualities quite novel in comparison to its metal receptacle competitors. This product is one of many innovations responsible for RCP’s heritage and reputation. Considering its North American success, RCP has an eye toward global aspirations. The growing middle class in China, along with the growth in its hospitality, property management, and food service verticals made it particularly appealing. In previous efforts, the brand had made little headway in entering countries such as China and Brazil. Still, given its forecasted growth potential (Figure 2), China continued to be a priority.

1 The number following the quotations refers to source document from NB as set forth in the Appendices section 7.0 where each has an identifying number in the last column.
Figure 1. Rubbermaid Commercial Products—vertical priorities. (#4)
2.0 CONCEPTUAL BACKGROUND AND FRAMEWORK

2.1 Defining the Marketing Mix

Understanding how MNCs enter international markets and the factors that predict their performance continues to be a key topic among scholars and practitioners alike. To be successful, organizations must have a clear understanding of consumer needs and ensure that they possess a compelling and relevant offering to meet those needs in the marketplace. The market orientation approach has become a prominent fixture in firms, and it is widely viewed as critical to performance (Moorman, 1999). In essence, a market orientation philosophy focuses on discovering and meeting the needs of consumers. Because this approach holds true whether the market is domestic or foreign, the marketing context is used here to ground the study. The marketing mix (McCarthy, 1981) is a simple, widely accepted framework that practitioners rely
on when dealing with marketing issues. Its key elements are known as the 4Ps: *product, place, price, and promotion* (see Figure 3). These four elements help guide the marketing manager in successfully developing a strategy to target the desired customer.

Some forums, however, debate the 4Ps’ ability to meet 21st century marketing challenges (Ettenson, Conrado, & Knowles, 2013). One such challenge is that the marketing mix framework results in the development of narrowly focused product strategies rather than solutions for consumers. Innovation and product quality have been identified as important contributors to brand value in industrial markets, yet some researchers deem the product itself to be the least important factor in the marketing mix as it relates to consumer marketing (Beverland, Napoli, & Lindgreen, 2007). Perreault et al. (2014) address this challenge, stressing the importance of defining the target customer and reiterating that, in the marketing process, it is critical to understand the target consumers and their unmet needs *prior* to developing a 4Ps marketing mix. Doing so will ensure that marketers develop the right solutions and/or products to meet consumer needs. Despite opposition to the marketing mix framework, it remains a prominent feature in both business schools and marketing practice due to its simplicity, applicability, and richness (Constantinides, 2006). This study uses the marketing mix framework because it aligns with the idea that marketing functions facilitate the link between consumer understanding and key processes within the firm (Day, 1990). This framework, combined with the OL theoretical context and emergent strategy theory, provide a rich view into an organization’s entry into emerging markets.
2.2 Emergent Strategy

The marketing mix framework represents a subset of four decisions firms must make when entering new markets. This research therefore analyzes NB’s 4Ps through the lens of corporate strategy. Researchers have undertaken significant analysis of strategy creation within organizations (Andrews (1980); Porter (1980); Steiner (1979). These traditional views define strategy as a deliberate, premeditated activity focused on a firm’s intentions and equate strategy making with planning, positing that strategies are “formulated” before they are “implemented.” Mintzberg deems this strategy-making approach to be both restrictive and inconsistent with the current dilemmas organizations face (1979b, 1988; 1985). He argues that viewing strategy only through the lens of intentions creates a gap in the understanding of a firm’s behaviors and
actions. That gap results from strategy being viewed solely through the perspective of those who intended the strategy, rather than examining how that strategy played out over time.

Organizations operate in dynamic and complex environments, yet the conventional view of strategy fails to identify how firms institute strategy changes in the face of environmental, leadership, or organizational forces. Recent studies offer a novel approach to account for these strategic shifts. Mintzberg (1988) suggests that strategies are not only planned, but also subsequently enacted and pursued. After tracking numerous organizations over time and analyzing their actions and behaviors, Mintzberg determined that firms form strategies in a variety of ways. He contends that strategy can be both deliberate and emergent, and can be represented as the end points of a continuum (see Figure 4 below). These two facets of strategy can help researchers and practitioners better analyze a firm’s behaviors and decisions. Mintzberg defines deliberate strategies as those planned prior to implementation, and emergent strategies as patterns that exist and are realized despite (or in absence of) intent. He suggests that the interplay between these deliberate and emergent strategies is what ultimately defines strategy (Mintzberg & Waters, 1985).

The concept of emergent strategy suggests a lack of neither planning nor understanding; it is rather an example of firms responding to their industries and being sensitive to their experiences. In some situations, it is impossible for a strategist or organization to foresee the potential outcomes or factors that will affect a formed strategy. Thus, rather than viewing strategy as solely a planning activity, Mintzberg suggests that action drives thinking rather than planning. To highlight this, he uses the analogy of the potter’s wheel (1988): Potters roll clay in their studios to create a sculpture, continuing to think and react to stimulus in their environment, which might ultimately result in a structure different from the one they originally intended. That
is, through formulation and implementation, a fluid process of learning takes place and the sculpture evolves. Similarly, as organizations learn and try new things, they eventually find success, and this outcome changes their strategic course (Mintzberg, 1988).

This study uses Mintzberg’s definition of strategy as “a pattern in a stream of decisions, actions, and behaviors” (1979b). It identifies and observes the actions and experiences of the RCP marketing strategy over time. Emergent strategy suggests that, through implementation, organizations learn what works or fails through practice. Learning is therefore a key foundation of the emergent strategy framework. Against this backdrop, this study seeks to advance knowledge by identifying how knowledge acquisition—an OL subconstruct—affects a firm’s marketing mix (action) and therefore how its strategy emerges over time.

![Figure 4. Types of strategies. (Mintzberg & Waters, 1985)]
2.3 Organizational Learning and Knowledge Acquisition

To examine how the marketing mix emerges for an MNC entering a foreign market, this study applies the OL framework’s knowledge acquisition concept (Huber, 1991).

2.3.1 Organizational learning theory. OL theory is increasingly accepted within international business literature as a mechanism for differentiating firm performance. OL’s impact—and specifically the impact of experiential learning—is presumed to be even more critical and complex in the context of international expansion and success (Casillas & Moreno-Menedez, 2014). By engaging in international business activities, firms acquire knowledge about foreign markets and operations. This, in turn, enables them to overcome the challenges of context—namely, unfamiliarity with foreign markets and the potential liability of foreignness. In this foreign-market context, OL embraces all of the types of knowledge the firm accumulates, including its ability to find, analyze, and act on international issues (De Clercq, Sapienza, & Crijns, 2003). The learning firm continuously strives to understand international markets to achieve a competitive advantage in the global marketplace and, in turn, to improve its performance. As defined by Levitt and March (1988), OL enables organizations to encode “inferences from history into routines that guide behavior.” More specifically, Huber (1991) notes that an organization learns if any of its units acquire knowledge that it recognizes as potentially useful.

Given a firm’s unfamiliarity with the foreign market, cultures, and environments, international expansion and the strategy guiding it are always challenging. OL is therefore key. OL’s importance also stems from the fact that firms are knowledge-creating entities (Levitt & March., 1988) that acquire, assimilate, and exploit knowledge to achieve commercial ends.
Therefore, knowledge about foreign markets and a firm’s capability to create and use it are among the most important sources of that firm’s sustainable competitive advantage. Figure 5 shows the constructs of OL theory articulated by Huber (1991). As the figure shows, OL has many subconstructs; for parsimony, this study focuses specifically on knowledge acquisition.

![Figure 5. Constructs and processes associated with organizational learning (blue outline highlights this study's focus). (Huber, 1991)](image)

**2.3.2 Knowledge acquisition.** The literature defines knowledge based on how a firm acquires it, dividing it into the constructs of objective and experiential knowledge (Penrose, 1966). When firms enter new markets, they acquire *objective knowledge* through standardized methods of collecting and transmitting information (such as market research), which can be easily transferred to other countries and replicated by other firms.

*Experiential knowledge* can be learned only by experience and is not easily transferable. International marketing literature posits that experiential knowledge of the market and
consumers, as well as problems and opportunities abroad, are acquired only by *operating* in the international market. The literature postulates that domestic firms’ experiential knowledge initially reflects their operations in their home market only. As the term suggests, experiential knowledge requires experience to acquire; some researchers consider it to be more important than objective knowledge in informing a firm’s decision making in the international business context (Casillas & Moreno-Menedez, 2014). Internationalization theories posit that experience gained from a foreign marketplace can translate into knowledge that firms can use to resolve problems within and select alternative options for its international operations. In other words, multinational firms learn when they interact with foreign markets, respond to changes within them, detect problems, and act to correct them.

This study seeks to go beyond the concepts of experiential versus objective knowledge to explain how knowledge is acquired and understand a firm’s performance in international markets. To do this, it looks to Huber’s (1991) knowledge acquisition construct to succinctly define how firms acquire knowledge and provide a rich understanding of firm behavior, focusing on a particular firm’s marketing mix. The study framework not only examines *how* the firm’s marketing mix elements emerged, but also *why* the firm decided to alter its strategy. Huber’s approach to the OL knowledge acquisition framework provides five knowledge acquisition concepts: congenital, vicarious, grafted, experiential, and searching. These concepts, which the researcher identified in the data and observed in practice, were helpful in defining the firm’s behaviors related to its emergent strategy as it launched in China. Table 2 shows the knowledge acquisition definitions.
Table 2. Definitions of Knowledge Acquisition (Huber, 1991)

<table>
<thead>
<tr>
<th>Subconstruct of Knowledge Acquisition</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Congenital</td>
<td>Knowledge the firm begins with; current processes and understandings; current markets</td>
</tr>
<tr>
<td>Vicarious</td>
<td>Knowledge acquired by imitating and/or observing other firms</td>
</tr>
<tr>
<td>Grafted</td>
<td>Knowledge acquired by bringing new people into the organization and gleaning from their experiences and knowledge</td>
</tr>
<tr>
<td>Experiential</td>
<td>Learning through direct experience; intentional but often unintentional</td>
</tr>
<tr>
<td>Searching/Noticing</td>
<td>1) Scanning for learning 2) Focused search (purposeful around a specific area); proactive versus reactive 3) Performance monitoring</td>
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2.4. Engaged Scholarship

When this study began, the researcher was Senior Vice President of Marketing for RCP, and found the idea of combining academia with practice—specifically, with developing a marketing strategy to launch RCP into a China—an invigorating and extremely valuable study for two key reasons. First, it offered a clear opportunity to learn from academic research and its implications for launching into new markets. Theory can help practitioners understand what is happening in practice and provide a potentially repeatable framework that they can use to address the complex problems that arise while developing a marketing mix for an emerging market. Second, the researcher views the business world as an exciting ground for research, as its real-world context provides the chance to tease out theories and test findings.

The researcher approached this study using the lens of engaged scholarship, defined by Van De Ven as a form of research bringing together academia and practice (Van De Ven, 2007). As NB’s SVP of Marketing for RCP and an engaged scholar, the researcher chose a longitudinal case study method as the best approach to explore the research question. The key areas for
consideration were 1) access to multiple data sources offering rich insights into NB’s learning, knowledge acquisition activity, and marketing mix; and 2) the researcher’s ability to utilize both archival data and real-time observation based on her role within NB (Van De Ven, 2007). Using theory-driven data analysis, the study explores the type of question case studies look to answer: how and why questions (Yin, 1994). That is, this research seeks to understand how NB’s marketing launch strategy into China emerges over time via knowledge acquisition. Understanding how knowledge acquisition influences the elements of the marketing mix can promote deeper understanding of issues related to entering new markets for both scholars and practitioners.

2.5 Scope and Limitations

A known constraint of this study is that all data is archival and/or secondary, so the researcher was unable to administer additional surveys or interviews when certain questions or themes emerged that required additional information to draw conclusions.

2.6 Summary

By incorporating the knowledge acquisition concept into the emergent strategy theory, this study examines how distinct aspects of knowledge acquisition inform the marketing mix of an MNC entering a new market—specifically, NB launching its RCP brand into China. This approach can improve understanding of how marketing strategies emerge over time and how companies perform within them. The study will explore how strategies were realized or emerged based on NB’s application of and response to learnings, additional information, and changing outcomes. That is, it will explore how knowledge acquisition shaped NB’s marketing strategy. Finally, this study will help researchers comprehend the intricacies of a North American brand’s strategy development while launching in China, as well as give marketers a framework for
evaluating and approaching their own market entry strategies. Table 3 summarizes the concepts and constructs used for this study.

**Table 3. Key Constructs of This Study**

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<tr>
<th>Themes</th>
<th>Concepts</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketing Mix</strong> (Perreault et al., 2014)</td>
<td>Product</td>
<td>Decisions made in developing a physical good, service, or blend of both to satisfy a need in the target market</td>
</tr>
<tr>
<td></td>
<td>Place</td>
<td>Decisions involved in getting the right product to the target market's <em>place</em>, ensuring it is available where and when consumers want it</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>Decisions made in telling the target market about the right product, focusing on acquiring new customers or retaining current customers</td>
</tr>
<tr>
<td></td>
<td>Price</td>
<td>Decisions made in setting price by estimating expected customer reaction to the total offering and the costs of getting it to them</td>
</tr>
<tr>
<td><strong>Knowledge Acquisition</strong> (OL sub-process) (Huber, 1991)</td>
<td>Congenital Learning</td>
<td>Knowledge the firm begins with; current processes and understanding of the firm and current markets</td>
</tr>
<tr>
<td></td>
<td>Vicarious Learning</td>
<td>Knowledge acquired by imitating and/or observing other firms</td>
</tr>
<tr>
<td></td>
<td>Grafting</td>
<td>Knowledge acquired by bringing new people into the organization and gleaning from their experiences and knowledge</td>
</tr>
<tr>
<td></td>
<td>Experiential</td>
<td>Learning through direct experience, intentionally or unintentionally</td>
</tr>
<tr>
<td></td>
<td>Searching/Scanning</td>
<td>1) Scanning for learning 2) Focused search (purposeful around a specific area); proactive versus reactive 3) Performance monitoring</td>
</tr>
<tr>
<td><strong>Strategy</strong> (Mintzberg &amp; Waters, 1985)</td>
<td>Deliberate</td>
<td>Strategy is formulated/planned and then implemented</td>
</tr>
<tr>
<td></td>
<td>Emergent</td>
<td>Strategies appear without clear intentions or in spite of them</td>
</tr>
</tbody>
</table>
3.0 METHODOLOGY: LONGITUDINAL CASE STUDY DESIGN

3.1 Site Selection and Newell Brands Description

NB is a $15B Fortune 500 company; it operates 16 global business segments and aspires to grow in emerging markets. NB’s portfolio includes both consumer and industrial brands, as well as RCP, a prominent brand that represents both B2B and B2C business models. The RCP division sells in key retailers such as DIY (Lowes, Home Depot) and Club channels, yet the brand growth potential lies heavily on the B2B side. Developing refuse offerings and cleaning solutions for distributors, property owners, and/or building service contractors (BSCs) is key to the brand’s long-term success. The marketing mix’s B2B aspect has an additional level of complexity compared to consumer brands because the offering must meet the needs of both users (cleaning professionals) and choosers (procurement teams, property owners, etc.).
NB’s stated corporate strategy placed a high priority on driving growth through expanding in Asian and Latin American markets. As the SVP of Marketing for RCP, the study researcher was responsible for developing a marketing strategy for the brand in China. RCP’s positioning in North America is tightly tied to its leadership in innovation and product benefits. The RCP brand is known for durability, quality, and innovation in the core categories of cleaning and refuse. Based on available data, the study sought to analyze the compatibility of the marketing mix with ch/users in these industries.

Because RCP’s market development strategy is in its preliminary stages and currently has low brand awareness in China, it is an opportune time to evaluate its marketing mix 4Ps and compatibility with Chinese ch/users. Rather than perform a post analysis on why a marketing mix was successful or not, the researcher was able to look both retrospectively and forward to evaluate RCP China marketing mix by analyzing it and how each element of the 4Ps emerges and/or is realized through knowledge acquisition. RCP is a prime candidate for examination as NB looks to conceive and implement its strategy in a worldwide setting (Aaker & Joachimsthaler, 1999).

3.2 Data Collection

Archival data informs this study, both primary and secondary. Data comes from various areas of NB and includes corporate data, RCP division data, and external data from secondary sources and organizational partners. Types of data analyzed include emails, strategy documents, presentations, press releases, annual reports, and NB-initiated studies by external research partners. Organizational documents were acquired directly from NB with the top leadership team’s agreement. The researcher partnered with NB’s Chief Development Officer Richard Davies to acquire access to the data through an official letter (sent via email) and a conversation
about the proposed research. Davies provided access to historical data, as well as access to future data, including the numerous consumer and market studies for the RCP brand that were in process. He agreed to the objectives of the research and research question, and has been extremely supportive of the effort, offering to help the researcher with any needs that arose during the process. All information provided is owned solely by NB. Throughout the study, the researcher and Mr. Davies discussed the research and its progress.

The research data is both qualitative and quantitative, and represents learnings and firm outcomes from 2003–2016. RCP entered the Chinese market in 2003, so the data offers deep insights into key elements of the marketing mix at different points of time in the strategy implementation. Access to previous and future consumer research studies were specifically useful, as RCP performed several ch/user studies over an 18-month period and the resulting data was useful to the topic at hand. Newell Brands agreed to provide these studies, along with each study’s survey instruments, responses, and transcripts. The Appendices (section 7) provide details on the RCP documents provided, including consumer studies and key information such as sample size, survey type, and respondent type. Additional secondary data—including press releases, annual reports, and articles on NB—were also used to better understand and contextualize the findings. The entirety of this data gives an historical view into NB managers’ decision making, as well as into how the marketing mix began and how its 4P elements were realized or emerged.

As RCP’s (previous) SVP of Marketing, the researcher was both a stakeholder and contributor in the marketing mix development for the brand. This allowed the opportunity to initiate an historical study before the outcomes of the change process had become apparent. As the marketing leader on a different category in Newell Brands, the researcher continues to
observe the marketing mix emergence and knowledge acquisition activities in real-time as they
unfold in the field setting (Van De Ven, 2007). Crucially, because the researcher did not have
prior knowledge of all the outcomes of the organizational change, personal or preconceived
biases were avoided. The combination of archival, retrospective, and real-time data is a key
characteristic of this study.

3.3 Methodology

To best comprehend how NB’s marketing mix elements emerged over time, the study uses an
explanatory longitudinal single case study method that lets the researcher reconstruct behavior
after the fact (Yin, 1994). Several considerations led to the choice of this approach. First, the
main research question seeks to understand how the marketing strategy emerges through
knowledge acquisition, and the case study method best aligns with answering how questions
(Yin, 1994). Second, the goal is to understand this strategy emergence in a real-world context.
Further, given the data available, there is no behavior control requirement (via experiments), but
rather a requirement to understand the behaviors and how they influence elements of the
marketing mix and RCP performance outcomes.

The study analyzes the data in four steps that align with Mintzberg and Waters’ approach to
understanding the emerging strategy of a retail firm (1985). First, based on the case study’s
longitudinal nature, the study used observation and data collection to develop chronologies of the
decisions and actions shaping RCPs marketing mix. In this phase, the researcher identified
trends and events, and evaluated the overall performance of RCP’s entry into China. In this step,
data collection focused on both US and China strategies. This initial analysis let the researcher
identify when the initial marketing mix was formed—along with the knowledge shaping each
element—providing a full historical view of the RCP entry into China.
Next, based on the patterns of RCP decisions and actions, the study identified four stages in the marketing strategy, labeling each stage on a time scale (see Figure 6). By collecting and organizing the data based on decisions made and key activities implemented, a clearer view of RCPs marketing mix began emerging. Major periods in the firm’s history provided evidence that the market launch strategy emerged, changed, and developed over time.

The researcher next investigated each period more thoroughly, probing organizational records, strategy documents, and RCP market research studies. Of specific interest were key announcements or organizational changes that might influence the strategy. The goal was to explain the major stimulus of each periodic transition and identify the underlying causes of strategic shifts. In this context, major transitions were identified as significant changes in the marketing launch strategy via decisions made or actions taken to optimize the marketing mix.

![Figure 7. Phases of the RCP marketing launch strategy.](image_url)

Finally, the study drew on the literature to identify the concepts shaping the strategy. With input from faculty advisors, the researcher interpreted the data and how it tied to theory and/or concepts, and then ideated various approaches to interpret and best explain the events in each phase. As in Mintzberg & Rogers (1985), the study identified which of the 4Ps were emergent versus deliberate in each step; the goal was to explain the pattern and why the strategy changed. The study also identified the marketing mix’s key concepts and the types of knowledge acquisition informing both the mix and the identification of emergent versus deliberate strategies.
This research presents the results and conclusions, using the methodology described above to analyze RCP’s marketing mix formation. Overall, Mintzberg’s analogy of the potter (1988) was apparent. The potter—in this case, RCP—embarked, experienced unintended outcomes, and refined its market launch strategy accordingly. Actors were learning. As the following results show, their knowledge acquisition activities and behaviors influenced the strategy throughout the process.

4.0 RESULTS

The following represents the researcher’s analysis of the emergent marketing mix as RCP began its entry into China from 2003–2016. As described above, the data analysis is organized in four temporal stages (see Figure 7). These stages highlight the key decisions and actions shaping the strategy and the inflection points leading to modifications in the marketing mix. The research identifies key challenges and brings to light opportunities for the market launch strategy based on the knowledge acquisition activities and behaviors in each stage. It further describes how the marketing mix was impacted (or not) and, specifically, which portions of the mix were realized or emerged. Finally, the study uses the performance monitoring process in knowledge acquisition’s sensing/searching concept to understand the results of the firm’s response to the strategy changes.

4.1 Overview

NB’s approach to developing the RCP marketing strategy occurred in four phases:

2. *Go Local* (2011–2012): NB identifies RCP as an important brand for geographic expansion and sends a local management team to Shanghai to lead the China launch effort. A new marketing mix emerges, informed by experiential learnings from the internal sales team, customers, and distributors.

3. *Establish the Core* (2013–2016): NB retains new marketing leadership, forms a new organizational structure, and establishes a common framework for market development grounded in consumer insights. It applies this grafted framework to validate whether the marketing mix is relevant for Chinese ch/uers. It begins with a formal learning plan to provide the RCP team with ch/user insights aimed at identifying which marketing mix elements should remain and which should be altered for local needs.

4. *Global–Local/Glocal* (2017 & beyond): NB launches the second phase of the grafted learning plan. It augmented the quantitative learning with ethnographic research to understand the key attributes driving cleaning and refuse product relevance. This provided robust ch/user insights, explained the “values” of clean, and highlighted the differences between China and the US. These insights further informed RCP’s marketing mix elements.


4.2.1 China’s market landscape: ripe for RCP launch. In 2003, NB launched the RCP brand into China. Given China’s GDP growth expectations and significant infrastructure growth, the TMT was confident that NB could handily achieve growth by launching this market. The opportunities seemed endless. RCP’s top management saw RCP as “a perfect fit to ride the growth with the Chinese market.” (#2) Numerous economic factors and trends supported the
desire to launch. Infrastructure projects were increasing throughout the country, specifically in major cities such as Shanghai and Beijing. (#2) International and local hotel properties, office buildings, malls, hospitals, and airports—all key verticals in which RCP held a significant market share in North America—were also increasing. It seemed like the perfect storm, and it helped assure NB of RCP’s potential for success in the Chinese region; after all, similar trends had driven the growth of the North American business in its onset. Regarding the new venture, as one manager recalls, “the goal was to get an RCP mop and bucket in every hand” across China based on a “build it and they will come mentality.” (#4)

The idea appeared simple and intuitive enough: given the seemingly boundless rise of new properties, NB’s management assumed that the need for cleaning services would also rise and thus lead to a growing demand for premium, high-quality cleaning and refuse tools. Conservative projections were aimed at $100M revenue growth across five key verticals (hospitality, property management, health care, manufacturing, and food service) within five years of launch. Because RCP had achieved remarkable success in the US—it had the #1 market share in cleaning and refuse categories—management posited that, given its thriving economy, a similar success story could be written in China.

At the time of launch, China’s market size for RCP’s core categories was $2.2B. Given high fragmentation—77 local and international competitors made up only 10% of the market (#4)—China was ripe for an international entrant in the category. NB posited that, if RCP achieved a market share in China similar to what it enjoyed in the US, China would be a $300M+ growth opportunity. Such opportunities were few and far between across the NB portfolio. China’s economy was second only to the US, and its urban population was growing significantly, which opened up continued opportunities for the RCP product portfolio. Another
key growth indicator was the Chinese hotel market, which AT Kearney forecasted would grow near 10% annually through 2022 (#2), offering a significant opportunity for RCP compared to developed markets. Tourism was expected to rise, with 2.9 billion trips in 2012 and 10% year-over-year growth; trip expenditures were also expected to grow. China’s National Tourism Administration identified a “growing demand for luxurious accommodation from affluent Chinese consumers” and highlighted China as the world’s third most popular destination after France and the US. (#2)

RCP’s key international customers were developing strategic growth plans for China as well. InterContinental Hotels Group forecasted that, by 2025, China would surpass the US as its largest market (based on number of rooms). Starwood expected to double its footprint by 2015, while Sheraton planned to open approximately one hotel every three weeks in the Chinese market through 2017. Commercial properties, such as office buildings and malls, were on the rise in both square footage and number of properties. RCP had many international contracts with hotel properties, mall developers, and property management firms (such as CBRE). RCP management believed that these contracts could be enforced with the local Chinese buyers, so the selling process would be very straightforward and similar to that in the US.

4.2.2 Review of knowledge acquisition realized in Export Model phase—congenital learning. Prior to entering the Chinese market, NB did little research or groundwork to validate the RCP opportunity in China. Management determined that cleaning was “universal” and decided to launch the full US product offering into China using the US marketing mix. Given China’s significant growth rates, speed to market was given priority. By applying the 4Ps of the US marketing mix to China, RCP entered the market quickly, confident it would experience immediate growth. NB set up a Hong Kong sales office and hired 19 sales people, training the
teams on product, and providing them with US product catalogs. RCP had officially entered China.

In this phase, the market entry strategy was quite simple: build a sales force—known as “feet on the street”—and ensure product availability through distributors. The sales force decided to target distributors supplying paper products (such as 3M), as these products were sold in hotels, offices, and other properties that RCP was targeting. This appeared to be the best approach, as “cleaning products could ride the truck” with consumable products that building service contractors and properties ordered on a regular basis. The teams focused on opening new accounts and aimed their efforts at landing orders for new construction and building renovation projects. By achieving opening orders for new builds and renovations, the team assumed the replenishment orders would follow. The sales team was able to secure new projects, however, loyalty and replenishment orders proved difficult.

Another key piece of the strategy focused on key international accounts—such as IHG, Starwood, Yum Brands, and McDonald’s—that RCP had relationships and contracts with in the US. The management team believe these contracts would be viable in the Chinese market, thus providing the opportunity for an immediate customer base in China. This core belief of the Export Model strategy informed NB’s decision to keep the 4Ps in China similar to those in the US marketing mix.

4.2.3 RCPs initial entry marketing mix. As previously mentioned, RCP market entry and business model for China was informed by the success built in North America, and thus few adaptations were made for the new market. Three key factors drove this reasoning: 1) Many of the properties developed in China were international hotels that RCP already had global contracts with, so the team felt it would be relatively “turn-key” to enforce these contracts in the region. 2)
An assumption was made about the “universal nature” of the cleaning process and the tools required to clean properties. 3) Management believed that Chinese ch/users would value cleaning tools from a US brand that were made in the US, and that RCP could set the standard for cleaning tools in the market. Following is a detailed view of RCP’s initial marketing mix, which was informed by congenital learning—that is, it was grounded and informed by RCP’s processes in and current understanding of the North American market.

4.2.3.1. Product. RCP’s entire North American catalog of more than 10,000 items—98% of which were manufactured in the US—was immediately offered to distributors in China. The products offered in China were not adapted for local users or the local properties in which they were used. The breadth of RCP’s product offering was deemed an advantage in North America; as a salesperson noted, that breadth established RCP as a

“one stop shop for North American distributors, who did not want to purchase cleaning and refuse products from multiple manufacturers, reduced the complexity and cost of doing business with multiple brands.” (#2)

In North America, based on market needs, the size of the RCP catalog and product offering grew over many years. In China, the 10,000-item catalog was problematic for sales team members, as it made it difficult for them to focus on the “core” product offering, offer recommendations, and build assortments or solutions for specific customers. Given this, they sold items opportunistically, allowing distributors and property owners to skim catalogs and “cherry pick” the line.
4.2.3.2. Pricing. During the Export Model phase, RCP priced its products as a straight conversion from US pricing to Chinese currency. This put RCP products at a significant price premium compared to the competition—especially locally made products. It was not difficult for choosers to find substitutes for the RCP product offerings, as hundreds of Chinese manufacturers were making similar products. Although the quality of local manufacturers was not nearly to RCP’s standard, the product form and functionality was similar, and RCP did little to validate why its brand was superior for the market and thus worth the premium price. On average, RCP was charging a 100–200% price premium for like products in the local market. Beyond list pricing, RCP terms favored the North American business model. Chinese distributors were invoiced in US dollars and responsible to pay freight and duties. Payment terms were cash in advance to 60 days, yet lead times on products were two to six months. RCPs approach to list pricing plus additional duties was extremely uncompetitive and burdensome for local business owners.

4.2.3.3. Place. Similar to the North American strategy, products were broadly available across mainland China, without a specific focus on regions or key major cities. Beyond geography, RCP did not initially prioritize specific verticals to focus entry efforts, so sales teams were expected to target the same nine verticals in which RCP played in North America. This was a broad target and geography for the 19 sales managers to cover; by comparison, the North American sales team had hundreds of sales managers to service the nine verticals across that (much smaller) region. Because RCP operates under a B2B model, the focus in China was to open as many distributors as possible, with little consideration about the type of distributors. In summary, NB applied a broad-based approach to the place element of the RCP marketing mix.
4.2.3.4. Promotion. As with the other marketing mix elements, RCP adopted the current North American promotional model. In 2003, RCP was an established brand in North America built over 45 years. US promotion efforts were thus focused primarily on the trade (i.e., the choosers) via selling events, trade shows, and catalog distribution/mailings. The North American business was built over time via relationships between distributors and the sales team, which was extremely seasoned; many sales people had been in their postions for 10–20 years. As a result, little priority was given to advertising or to awareness- and trial-building efforts. In the US, RCP benefited from high brand awareness (90% aided), partly due to the strength of the Rubbermaid consumer brand, which had mass distribution of a range of products in mass retailers across the US and Canada.

Despite having low brand awareness in China, NB adopted a promotional model similar to that in the US. The focus was based on trade shows, catalog distribution, and professional seminars. The sales team worked to build relationships with key distributors, which proved difficult given the product and pricing disadvantages compared to local competitors. The brand also participated in more than 20 trade shows a year to provide catalogs and meet directly with new distributors and property owners. Table 4 summarizes NB’s Export Model marketing mix.
Table 4. Marketing Mix—Export Model

<table>
<thead>
<tr>
<th>Product</th>
<th>Pricing</th>
<th>Promotion</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>US product only</td>
<td>US pricing in US currency</td>
<td>Catalogs</td>
<td>All cleaning and paper products distributors</td>
</tr>
<tr>
<td>10,000+ item product line</td>
<td>Significant premium (100–200%) vs. local market</td>
<td>Seminars</td>
<td>All verticals</td>
</tr>
<tr>
<td></td>
<td>Customer responsible for US customs, duties, and taxes</td>
<td>Tradeshows</td>
<td>All of mainland China</td>
</tr>
<tr>
<td></td>
<td>Cash-in-advance payment terms</td>
<td>Manufacturer’s website</td>
<td></td>
</tr>
</tbody>
</table>

4.2.4 Performance monitoring of organizational results. Initially, NB specifically monitored RCP performance in China on key metrics such as sales revenue and market share. Although the brand experienced revenue growth from 2003–2010, the sales were extremely small relative to the market size of $2.2B USD. Sales growth was not pacing with the category or GDP growth, and RCP attained less than a 1% market share over seven years. In 2008, sales plateaued at approximately $8M (see Table 5). During the Export Model period, sales were sustained mostly through new property openings rather than reorders or replenishment from previous customers. Therefore, the current marketing mix elements did not achieve a sustainable growth model.
Table 5. RCP Revenue Results (#2)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales (in millions)</td>
<td>Data unavailable</td>
<td>Average Annual Sales $8.0M</td>
</tr>
<tr>
<td>YOY Growth</td>
<td>N/A</td>
<td>Flat YOY Growth</td>
</tr>
<tr>
<td>Market Share</td>
<td></td>
<td>&lt; .5%</td>
</tr>
</tbody>
</table>

4.2.4 Summary—Export Model phase. During this phase, few changes were made to the marketing mix 4Ps, despite feedback from the sales team and its key customers. The organization continued to focus on opening new accounts, and on new construction and renovation opportunities. The RCP management team at that time did little to understand why the business was underperforming; it simply assumed the sales force was inexperienced and needed additional training or perhaps was not the right talent at all. No additional resources or investment were put into the region. During this time period, the division treated the Chinese market opportunistically rather than strategically. Because RCP was performing well and driving consistent growth in North America, there was little urgency or priority to fix the China strategy. RCP operated the region at status quo and, given the past performance, planned the China business at nominal growth rates.

4.3 China Launch—Go Local (2011–2012)

As the above discussion shows, during the first phase, RCP was quite difficult to do business with and did not appropriate resources to determine how to succeed in the Chinese market. At the time, the RCP leadership team naively assumed that the North American marketing mix would work in the region and that the market’s macro trends would ensure continual sales growth. This strategy did not show a deep understanding of the context of doing business with Chinese distributors or of how to meet local users’ needs. So, despite macro trends, infrastructure
growth, and an increasing China GDP—all of which point in favor of RCP—the desired business results did not follow.

4.3.1 Changes in NB’s top management team. In 2011, NB hired a new CEO with significant global experience in product and advertising development. In an NB investor press release announcing his appointment, the new CEO highlighted his aspiration for the NB portfolio to grow in developed and emerging markets:

“I am honored to be joining Newell. The company has a strong portfolio of brands and an excellent leadership team with a great opportunity to win in both the developed and emerging markets.” (Neff, 2011)

Upon his arrival, a new corporate strategy was developed, coined the Growth GamePlan (see Figure 8). This growth plan highlighted the organization’s ambition to position key brands for geographic expansion, specifically in emerging markets. Identified as “Extend Beyond Our Borders,” this part of the GGP focused specifically on Asia and Latin America. The vision was to give these key brands the resources, people, and insights needed to drive exponential growth outside of their home markets. This beyond-borders extension was not meant for all brands in the portfolio; instead, the GGP identified specific brands that NB leadership believed were poised for growth. An NB leader explained the plan for these “win bigger” brands as follows:

“…. the aim is for them to drive growth at the division over the next five years. A big part of the strategy will be the development of these brands in emerging markets. 80% of Sharpie’s sales, for example, are generated in the North American market. The short-
term objective is to now develop Sharpie in Latin America, building on the relative strength of Paper Mate in that region.” (2012 Annual Report, 2013)

As Figure 8 shows, RCP was identified as a win bigger business. Based on this classification, it was a corporate priority for RCP to accelerate its growth in both the Asian and Latin American markets. An optimized strategic plan for RCP China was identified as a key priority to better meet the needs of ch/users in the market. The TMT also identified the investment and resources that would be required to deliver this global growth across all win bigger brands.

NB quantified the incremental investment needed in sales and marketing efforts to deliver sustainable growth in emerging markets (see Figure 9). To fund this investment, NB planned to identify sensible ways to reduce costs in developed markets to fund the resource requirements of launching into emerging markets. This was a significant shift for the organization for two reasons. First, in the past, individual divisions or brands made discreet decisions around their own specific global growth strategies—something corporate leadership was now prescribing. Second, divisions with new-market expansion plans were not previously given additional resources to do so; rather, they were expected to self-fund their expansion. In this new model, NB planned to over-invest in win bigger businesses, funded by cost-cutting measures across the portfolio. It also emphasized a local approach in the new markets: “local needs and local price points” (see Figure 9). This new approach required a significant shift in the RCP Chinese expansion, along with a review of its marketing mix elements.
Figure 8. Newell’s Growth Game Plan. ("Newell Rubbermaid - Barclays Back-to-School Consumer Conference," 2013)

Figure 9. Newell’s focus on emerging market investment. ("Newell Rubbermaid - Barclays Back-to-School Consumer Conference," 2013)
4.3.2 Review of knowledge acquisition behaviors—experiential. The new NB leadership believed that RCP had the potential to be a big player in the Chinese market. Macro economic trends were still favorable for the RCP business model and product portfolio, yet little research or data had been used to validate the opportunity. Given the new corporate strategy and the RCP brand’s disappointing sales and penetration in the market over the previous eight years, NB’s TMT decided to establish a new leadership team for the China RCP business and sent top high-potential talent to the region. These leaders possessed successful track records in other divisions in developed markets; they were sent as expatriates to evaluate the China marketing strategy and make recommendations on driving growth and strategy refinement. They were then expected to execute their recommendations and deliver exponential growth to the organization. This team was also entrusted to lead the existing local teams and ensure they had the training and skills needed for success. NB leaders deemed ears and feet on the ground as necessary to get the region on track.

One of the first decisions the new leadership team made was to move the RCP division office from Hong Kong to Shanghai so that it would be physically operating in the local market. It also hired local talent for key positions, though many members of the top leadership team in areas such as General Management, Sales, Finance, and Marketing were employees relocated from the US or other developed markets. As described in the next section, the new team immediately worked to gain a better understanding of RCP’s performance and the challenges to be overcome in China. These learnings were garnered through first-hand experiences spending time in the field and on sales calls, and through discussions with RCP’s internal sales team and with distributors and key choosers from international MNCs.
### 4.3.3 Challenges with the Export Model marketing mix.

Throughout this phase of RCP’s launch into China, experiential learning was taking place. The new leadership team and local sales team consistently received feedback from distributors and customers on the pros and cons of doing business with RCP. Overall, the feedback was challenging; in addition to introducing a western, developed marketing mix into the under-developed Chinese market, RCP also made it extremely difficult for local Chinese owners and operators to do business with the firm. Policies put in place were advantageous for the firm, but did not favor local choosers or set up RCP for sustainable growth. Following are summaries of some key experiential learnings that RCP employees gained about the Export Model marketing mix elements.

#### 4.3.3.1. Product.

RCP definitely had an opportunity to leverage the marketing mix’s product area. Although customers had many positive things to say about the brand and its products, challenges existed and needed to be addressed. Still, distributors and choosers noted that market dynamics and elevated operating standards were opening a door for premium products such as RCP in the refuse and cleaning categories:

> “Higher-value products are preferred. Complicated and rigorous working conditions demand better durability and functionality. High hygiene standards are applied in properties which thus demand better durability and safety.” (#4)

Many distributors understood RCP’s performance and quality, yet they were not always valued or understood by local customers, many of whom preferred local brands despite the positive RCP
proposition. It also appeared that Chinese choosers were not decidedly loyal to any one brand.

Two local distributors summarized the situation as follows:

“RCP products have strong awareness and performance only in global chain accounts due to their mature operation and quality-inspection system, which help properly showcase RCP’s value. Local competitors—such as Safco, Baiyun, and Chaobao—have similar products and are preferred by local chains.” (#4)

“RCP products have the best quality, especially in the refuse segment, but the focus is less on brands than product qualities. If relevant cleaning products produced by local manufacturers have almost the same quality as RCP, local products are preferred.” (#4)

Further, despite acknowledging RCP’s value, local competitors received accolades for their attention to services beyond product offerings, including trainings and certifications. These competitors typically visited choosers more often and identified ways to service accounts beyond replenishment and replacement orders. RCP was finding it difficult to build these strategic partnerships and relationships. In addition, local manufacturers were nimble and more than willing to manufacture customer-specific requests and product adaptations. Because RCP manufacturing operations were based solely in the US, it was impossible to react and adapt as quickly as local competitors. One distributor discussed the needs of local accounts and how this compared to those of international accounts:
“Local chain accounts value SOP [standard operating procedures], leasing, and services that better support brand quality and a professional image; global chain accounts do not value such add-on services due to their mature operations and quality inspection systems.” (#4)

Another distributor described the value of local competitors and their commitment to service:

“Local brands are willing to provide differentiating products and services. They offer regular visits to introduce product knowledge and customer insights—one to two times per month—and timely response (within three days) to inquiries about product quality or logistics…. Baiyun and Trust are observed to visit distributors every time a batch of products is delivered.” (#4)

### 4.3.3.2. Place.

Although RCP quality and brand awareness among many distributors were strong, customers were clearly disappointed with other elements of the marketing mix—specifically, brand availability and pricing. These challenges were hindering the firm’s ability to grow through repeat users. Distributors were reluctant to recommend RCP due to unstable lead times, which directly affected a property’s daily operations. RCP’s service was unpredictable. Distributors had their reputations to protect and it would reflect poorly on them if they were unable to deliver to their customers’ expectations. As one wholesaler noted, “RCP does not have full SKUS, and unstable lead times affect a store’s daily operations.” (#4)

The logistical challenges and long lead times were caused by US manufacturing, which was a key element of the current market strategy. Even key international accounts that RCP had
global contracts with highlighted their need for relationships with multiple brand manufacturers. This unpredictability was negatively impacting a key tenant of RCP’s initial entry strategy: to leverage long-standing US relationships with global brands. One key international customer described the need to work with local competitors, despite contractual agreements with RCP in the US:

“RCP is the best brand in the world, with long and stable relationship with McDonald's. However RCP is weak in logistics and supply, which is the main reason we have other MNC suppliers.” (#4)

Beyond logistics challenges, it was obvious that Chinese choosers did not feel required to uphold global contracts. RCP had pricing and placement agreements with many global hotel brands and food service properties. In the US, these contracts were upheld and enforced with regional buying teams, and it was extremely rare for a chooser to deviate from a global contract. The new China leadership team was surprised to learn that these key accounts did not have similar compliance measures outside the US, where brands and product specifications in MNC procurement catalogs were more of a suggestion than a requirement. A major coffee chain and key US customer gave its local China teams full control of brand and supplier decisions:

“Global HQ decides the product models and material requirements and the China sourcing department decides the brand and suppliers.”(#4)
4.3.3.3. Promotion. As previously discussed, RCP executed a limited promotional strategy and relied mostly on trade shows, catalog mailings, and its own website to build brand awareness. This strategy, paired with strong selling relationships, was a successful model for the US. However, with such limited brand awareness in China, additional tactics to grow the brand were needed. A big gap identified by the new China leadership was the need to provide products for trial and testing. Based on RCP’s premium price points, many buyers wanted their users to test the products and interact with them prior to purchase. Such trialing could help substantiate RCP’s premium pricing, illustrating the higher quality and superior product design compared to the competition. Further, RCP’s competitors had sophisticated and frequent trial programs focused on local businesses. These local businesses had limited financial resources, so it was important for choosers and users to interact with new products first-hand prior to investing in them. One distributor explained how RCP’s competitors approached this:

“The brand supplier visits with free trial products, which is valued by local buyers as it helps with brand awareness and promotion, better product knowledge and understanding, and quality evaluation…. Trust, Baiyun, and Miajie [competitors] all provide free trial products for distributors to try, or they give them out to end buyers to pitch new customers on product upgrades.” (#4)

The power of word-of-mouth was also a key factor that RCP had not previously taken into account. Chinese distributors, while competitors, are a tight-knit community. Many of them had built their businesses along side of each other and were self-made. They compared notes on a brand’s quality, service, pricing, and so on. Many communicated not only face to face, but also
through a Chinese social networking site called WeChat. Experiences with specific brands would be posted online and shared for their distributor networks to see. Speaking of manufacturer sites and social sites, one distributor noted the following:

“The internet is an important source for primary brand and product information collection immediately after hearing of a brand and product for the manufacturing end buyer.” (#4)

Due to word-of-mouth on social networks, RCP’s logistical challenges became widely known across the distributor community, which created barriers to opening new customers.

4.3.3.4. Price. Based on many of the issues described above, RCP’s 100–200% pricing premium and additional business costs, such as duties and terms, were difficult for Chinese choosers to justify when compared to the competition:

“A reasonable retail price, not exceeding the buyer’s highest acceptable price, is important in order to justify brand choice.” (#4)

This was an additional hindrance for the sales team in opening new accounts and sustaining current customers. The new RCP China leadership team analyzed all product sales between 2003 and 2011 and found that approximately 80% of those sales were realized with a price exception or discount. Leadership decided that pricing must be addressed for RCP to be competitive. Even customers with pricing contracts expected their local teams to engage in a
rigorous bidding process to achieve the best price and did not accept contract pricing at face value. A distributor highlighted this process as follows:

“Once global chains identify preferred brands for procurement, local teams adopt a bidding process to achieve lowest price. In China, the sourcing department has the most decision power in this bidding process.” (#4)

4.3.4 Summary of experiential learnings. The new RCP China leadership team acquired invaluable learnings through both first-hand experience and the experiences of local sales teams. The leadership team identified many opportunities for improvement and took immediate actions across all elements of the marketing mix based on its findings. Although the 2003 initial marketing mix provided a foundational framework for the brand, it did not account for the local nuances of the Chinese market. That initial approach applied a strategy implemented by an established brand in a developed market; the variables simply were not the same in China, where the brand was scarcely known and the cleaning and refuse requirements of local users were not as sophisticated as in a developed market. Unlike in the US, China had no formal cleaning standards or operating procedures, no governing bodies to regulate cleaning standards, and no recycling/refuse collection efforts. Therefore, most of the RCP product offering was deemed unnecessary. This became apparent when the new China leadership team analyzed the product mix sold in the region since 2003. Of the 10,000 products offered in the RCP catalog, only 954 were actually ordered—and an even smaller number were consistently reordered. Clearly, the broad product offering was not translating to the local market. Table 6 summarizes the experiential learnings from this phase.
4.3.5 The NEW Go-Local marketing mix. Based on the leadership team’s experiential learnings, a new marketing mix emerged. The RCP leadership team took immediate action to optimize each 4P element to better align with the market’s needs. One essential high-level principle the team applied to the marketing mix was focus. The initial marketing mix mirrored the US market, which was fully developed and had significantly more resources than the China region. To be successful in China, the leadership team decided to narrow the market entry approach—specifically in relation to product offering and place (distribution)—to better suit the needs of the sales team, distributors, and ch/users. The product offering was minimized to a core offering targeted to the hospitality and property management verticals. By focusing specifically on two verticals, rather than nine, the sales and marketing teams could hone their efforts and deepen their knowledge. Further, to help the sales team make more salient recommendations to their customers, new selling tools were developed.
The logistical challenges that customers had highlighted encouraged the RCP leadership team to request resources to open a local distribution center in Shanghai. NB granted this request, and the distribution center was born. It housed 528 core products, dramatically upgrading their availability: products that previously took anywhere from two to six months when shipping from the US were now available in three to seven days. This gave distributors confidence in recommending RCP products and touting the reliability of its operations.

Pricing was also adjusted during this phase. Not only did the leadership lower list prices by 30%, it changed billing to local currency and made payment terms more acceptable to small business owners. RCP also took on the customs and freight payments, which customers were previously expected to pay. These pricing changes put RCP at a much more acceptable pricing strategy in relation to its competitors. Although still priced at a premium, leadership viewed this premium as warranted given RCP products’ superior quality, functionality, and design. The leadership further realized that it was critical for ch/users to experience this product quality firsthand. It therefore put trialing programs in place to get products in the hands of potential ch/users.

The marketing team identified 10 iconic RCP products and developed a trial program that let users experience these products for free. These programs not only provided the products, but also training documents and videos to teach users how to use them appropriately. Sales team members then scheduled follow-up visits to ensure that customers were satisfied with their experiences; the sales team could then immediately convert those experiences into orders. RCP also developed PR and activation initiatives focused on building brand awareness and solidifying its expert status in the cleaning industry. Table 7 shows a summary of the 4Ps for the new marketing mix.
**Table 7. Marketing Mix—Go Local**

<table>
<thead>
<tr>
<th>Marketing Mix Strategy</th>
<th>2011-2012</th>
<th>GO LOCAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td><strong>Pricing</strong></td>
<td><strong>Promotion</strong></td>
</tr>
<tr>
<td>Continued with US</td>
<td>Lowered prices by approximately 30% which closed gap to market pricing, resulting in a 20% premium to market average</td>
<td>PR and Marketing activation focused on building brand awareness and industry expertise</td>
</tr>
<tr>
<td>developed and manufactured product only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited focus to 528 core products versus 10,000 items</td>
<td>Changed billing to local currency and improved payment terms to 45 days</td>
<td>Initiated Trial Programs to get products in users/choosers hands to experience the superior quality and functionality of the brand</td>
</tr>
<tr>
<td>New product offering specifically focused on Property Management and Hospitality verticals</td>
<td>RCP took on payment responsibility of freight and duties</td>
<td>New selling tools developed to support sales team in recommending ideal products for Hospitality and Property Management verticals</td>
</tr>
<tr>
<td><strong>4.3.6 Performance monitoring of organizational results.</strong> These changes improved the brand’s revenue growth trajectory in China. Sales that previously plateaued at $8M began showing signs of reinvigoration. Distributors responded positively to the RCP improvements. Relocating the office and building a warehouse in Shanghai showed local customers that RCP was making a long-term investment in the region. RCP gained creditability with the customer base, and local sales team members gained confidence in their selling abilities due to better pricing and training tools. These were positive signs, and NB’s management continued to invest in RCP to build the brand in the market.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 8. Sales Results 2012–2013 (#2)**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales (in millions)</td>
<td>$8.20</td>
<td>$10.6</td>
</tr>
<tr>
<td>YOY Growth</td>
<td>—</td>
<td>+28%</td>
</tr>
</tbody>
</table>
4.4 China Launch—Establish the Core (2013–2016)

The new RCP China marketing strategy was building momentum. However, while the leadership team was gaining knowledge through its experience on the ground, it had very little expertise launching in foreign markets. So, while its understanding of the market was growing and the marketing mix elements were optimized, the team’s approach nonetheless contained a good amount of trial and error and it was taking some time to get up to speed. NB, however, expected the team to move quickly to leverage the Chinese market’s opportunities.

In 2013, NB’s CEO appointed a new leadership team underneath him and announced a new structure to operationalize the GGP. The corporate strategy was in full effect, and the organization continued to put significant emphasis on expanding the priority brands’ geographic footprint. In a 2014 trade article, a new leadership team member highlighted the current CEO’s progress in emerging markets:

“He sped up the marketing group within emerging markets in Asia and South America. He doubled the ad budget and doubled the market research investment. It’s all toward creating a brand and innovation led company famous for great design and product performance.” (Overby, 2014)

Leadership’s desire to build a strong foothold outside the US remained strong, but they began to realize that NB needed local talent, specifically in marketing:

“About 71% of our business is in North America, but we see significant opportunities particularly in South America and Asia. We are building marketing hubs in Sao Paolo and
Shanghai, as well as in London. We’re recruiting local professionals to help us on that journey. Our ability to be able to build marketing hubs in the future will be critical.”

(2012 Annual Report, 2013)

Many of the new NB leaders had strong consumer packaged goods (CPG) backgrounds, including at Unilever, Kraft, and P&G. One key leadership team hire was Chief Marketing and Insights Officer Richard Davies, who had strong marketing expertise and previous experience in launching new markets, specifically in Asia:

“Davies proven track record of creating brands and bringing innovation to the consumer combined with his experiences living and working in markets around the world, make him the ideal leader to take Newell Rubbermaids’s marketing and innovation agenda to the next level…. Richard is a noted expert on the consumer market in East Asia and has lived and worked across the region in his 30 year career.” (Neff, 2014)

Davies noted his passion for building brands outside of US, and said he was keen to apply his experiences to NB:

“I was lucky at Unilever to work in Japan. The Japanese consumer is one of the most discerning in the world. The quality of work in Japan is incredibly high, and that has conditioned them to expect very high standards. There was a sense of satisfaction in being able to market to consumers and get it right.” (Overby, 2014)
With Davies’ appointment, NB implemented a new marketing structure. Previously, marketing and consumer insight talent reported through individual business segments. This talent now reported directly to Davies, ensuring that he could personally lead the marketing strategy for each NB business unit. This reporting structure was a departure from other CPG companies in the industry, as well as for NB. Previously, the NB CMO was responsible for capability building, but decisions ultimately remained with the business units. Davies did not deem this as particularly useful in keeping marketing spend and decisions aligned with NB’s corporate priorities:

“(the CMO) was developing capabilities, processes and training, but the marketing organization had no central authority. Instead it was divided among business units that controlled their own marketing budgets and decisions… many brands were relying on consumer-habit studies that were 10 years old. Marketing people and spend weren’t aligned with company priorities such as growing in Asia, and Latin America…” (Overby, 2014).

The new marketing structure let Davies set the agenda for learning plans and marketing strategies. He was extremely passionate about validating marketing mix decisions with consumers (in RCP’s case, with ch/users). His previous experience and techniques informed new processes and approaches for NB marketing teams. His philosophy differed from his predecessor, and the new processes, skills, and capabilities were grafted into the organization.

4.4.1. Grafting: Developing a learning plan to inform marketing strategy. Davies instituted new processes for market development. Throughout his career, he had launched
brands in new markets, including China. Through his experiences in different markets and varying roles, he developed a framework and methodology for launching into new markets. The marketing strategies were grounded in data—specifically, in consumer insights. When reviewing the RCP China strategy, Davies immediately ensured that priority was placed on investing in consumer understanding, which he viewed as critical to success for all marketers:

“The reality is that a lot marketers are not overly interested in understanding the consumer. They are just paying lip service to the consumer. But at the end of the day, it’s the depth or complete lack of consumer understanding that will determine your success or failure. That was true 40 years ago and it will remain true 40 years from now.” (Neff, 2014)

Over the previous eight years in China, RCP had conducted no formal research with ch/users of cleaning and refuse products. All marketing strategy decisions had been based on the North American strategy and, more recently, on the local team’s experiential learnings. As a result, most information was anecdotal and not necessarily generalizable for the Chinese market as a whole.

Under Davies’ leadership, a new approach to consumer understanding and entering new markets was grafted onto the organization. The processes were mandatory across all of NB. In Davies’ view, it was critical that all brands and markets in the NB portfolio apply the same principles to understand consumers and inform the marketing mix:
“My predecessor was responsible for marketing as a capability, developing skills and training. I am responsible for that, but I also look after the day job of marketing. I’m responsible for the advertising and mix development. And that’s really helpful, because as we develop new approaches, processes, and techniques, I don’t need to persuade people to do it, that it’s a good idea. I can tell them to do it. Certainly for a company our size, we don’t have the time to go around trying to influence people that this is how they should do things…” (Overby, 2014)

4.4.2 Sensing and searching—product quantitative testing and insights. Davies immediately influenced the RCP China marketing mix by developing a learning plan to better understand local consumer needs. He instituted a new process for testing products with consumers:

“Davies wants product concepts and ad ideas tested with consumers… because researchers are the voice of the consumer.” (Neff, 2014)

After reviewing the category and conducting local field visits, Davies voiced concerns about the product offering’s suitability for the Chinese market. The goal was to immediately ascertain if the current product offerings were relevant and differentiated—and solved the needs of both choosers and users. A key facet of Davies’ new marketing structure was an independent consumer insight function to implement learning plans and guide the methodologies used to gain consumer insights. Davies was adamant that consumers be the voice informing strategic direction and decisions, and the consumer insights function facilitated this:
“You lose count of the number of companies who claim the consumer is boss, but the question is do they really make the consumer the boss or not? I think by having a strong independent research function you’re a hell of a lot closer to doing that.” (Overby, 2014)

Although testing product concepts with consumers was a well-known approach among CPG companies, RCP had never tested its current products with consumers in the US or China. Davies deemed this testing to be both critical and urgent. It was foundational—not only to inform the China marketing mix and ensure that products were meeting Chinese users’ needs, but also to determine whether the brand should even be in China at all. The goal of the testing was to identify whether the products currently sold in the region were the “right” ones, especially since they were all developed in the US for US consumers. If the current product offering did not meet the needs of local users, the rest of the marketing strategy was moot as new innovations would be required before evaluating other elements of the marketing mix. Indeed, previous literature has shown that product innovation is central to the marketing mix elements of global firms (Beverland et al., 2007).

Based on the need for foundational product validation, the consumer insights team built an immediate plan to test products; it also identified other insight gaps that had to be addressed to better inform the marketing mix and ultimately succeed in the Chinese market. An internal memo from the consumer insights team highlights these knowledge gaps:
“The current approach in China for RCP is to land a broad range of SKUs and see which of these sells. Under time pressure to launch, this was considered the best option. However, if we are to build a successful business in China, we will have to have:

i. An effective route to market.

ii. Innovations that are both differentiated and relevant to the ch/user.

In satisfying the second criteria Marketing and CMI [Consumer & Market Insights] have undertaken work to see which propositions are more likely to satisfy the second objective. The starting point for testing propositions has been to look at ideas already or about to be commercialized in the US …. This brings its own challenges in that the concepts for the most part have never been articulated, either as concept statements or brand keys, and this work has taken some time to do.” (#3)

Beyond product concept tests, the consumer insights team identified additional data required to build a deep understanding of the market. From Davies’ perspective, it was not ideal to make product testing the first order of business, as the organization lacked data about the Chinese market in the RCP categories of cleaning and refuse. The consumer insights team also identified challenges with the testing-first approach:

“This approach contains something of a random element in that there has been no data at all on the size of the segments, the intensity of the competition and so on, that would inform where we would test.” (#3)
The proposed research approach was the first of its kind for the RCP brand in China. To date, all learnings had come from experiential learnings, informal discussions with customers, consumers, and management teams. The RCP China leadership team was optimistic about the context and insight that the product concept tests would provide, along with the implications for further optimizing the marketing mix.

RCP administered product concept testing of its core product lines, defined as the North American market’s top-selling items. A total of 31 current RCP product innovations from the refuse and cleaning categories that were commercially successful in North America and available in China were tested locally across the priority verticals of property management and hospitality. Products were evaluated on functional and emotional attributes, along with key performance indicators such as relevance, differentiation, and uniqueness. Figure 10 shows an example from the test (the example is translated into English; all concepts were tested in Mandarin).
The testing resulted in a combined opportunity score that met internal action standards derived from Davies’ previous experience. As Table 9 shows, 17 of the 31 concepts performed well on relevance and differentiation and met NB’s new standards. This was encouraging to Davies and the RCP marketing team; the testing showed that an assemblage of current product offerings could be successful in the Chinese market’s hospitality and property management verticals. The results both validated the organization’s continued investment in the region and highlighted a need to increase investment in awareness and trial-building efforts, specifically in advertising. To date, there had been no broad-based marketing plans to drive awareness and trial for RCP. Based on the concept results, NB was willing to provide the RCP marketing team the investment required to advertise in the brand. The concept results helped guide development of a
local marketing campaign around five of the product offerings that tested well, were considered relevant to local ch/users, and were differentiated from the competition. The results also guided which verticals to target, the communications strategy, and the campaign’s media placement.

Table 9. RCP Product Concept Test Results in China: Hospitality & Property Management Verticals (#4, #5)

<table>
<thead>
<tr>
<th>EXISTING RCP PRODUCT</th>
<th>HOSPITALITY</th>
<th>PROPERTY MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Relevant</td>
<td>Differentiated</td>
</tr>
<tr>
<td>Folding X-Cart</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>HYGEN Microfiber Flat Mop</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Vented Brute</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Maximizer Mop</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>HYGEN Series</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Reach Flat Mop</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Smoking Management</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Classic Housekeeping Cart</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Executive Series</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>High Capacity Cleaning Cart</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Step-On Slim Jim</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Utility and Maintenance Cart</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

4.4.3 Establish the Core marketing mix. The grafted learning plan and the sensing/searching approach to acquiring consumer insights through the quantitative product concept tests significantly influenced RCP’s go-forward marketing mix. The plan’s product portion became much more focused, specifically on core products passing action standards with
ch/users. These products became known as the “core product” offering for China. Although the rest of the portfolio was still available for purchase, this core focus helped guide the sales team to further prioritize product recommendations for its customers and distributors. The marketing team created detailed training and sales materials to support the sales team in this effort. These core products also became the main focus of all promotional efforts, including advertising, trade show exhibits, and trial programs. This ensured that locally relevant products were appropriately showcased to potential buyers.

The place element of the marketing mix was also reshaped. The product concepts were specifically tested with the hospitality and property management verticals and, based on the results, the leadership team made a clear decision to penetrate these verticals in key geographies rather than take a broad approach. Based on market data on hotel and property management sites and their growth forecasts, the team chose five cities as the geographic hubs for the RCP launch effort. The sales team opened show rooms in these five cities to build a presence for the brand and give ch/users an opportunity to interact with the core product offering first-hand. Further, distributors could book the showroom and host customer meetings, which proved to be a great experience for potential customers. It brought the RCP product quality and design to life and showcased RCP’s full-solution offerings. The showrooms once again exemplified the brand’s commitment to the Chinese market, and they were well received by the customer base. Table 10 offers an overview of the core marketing mix elements.
4.4.4 Performance monitoring of organizational results. Sales continued to increase under the new focused marketing mix. Year over year, the brand was seeing more than 30% growth (see Table 11), which was surpassing market performance. The results heartened NB’s management team. However, sales were still relatively small in comparison to the market size and RCP’s total market share was less than 2%. The organization was pumping significant investment into the initiative, and it was optimistic that the new focus on core would drive
exponential growth in the coming years.

**Table 11. RCP Revenue Results (#2)**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales (revenue in millions)</td>
<td>$14.50</td>
<td>$21.00</td>
</tr>
<tr>
<td>YOY Growth</td>
<td>37%</td>
<td>45%</td>
</tr>
</tbody>
</table>

### 4.5 China Launch—Global/Local

Continued progress was made across the marketing mix and RCP China’s results. NB’s executive team was encouraged with the progress, but (as noted) sales results were relatively small in the overall market. The China management team targeted $100M in sales by 2019, which would require a significant growth trajectory; much progress remained to be made. The product concept results and previous experiential learnings in the export phase made it clear to both the marketing and sales teams that core products would not be the sole driver of growth in the marketing mix. RCP needed a localized approach to augment its current offering. With guidance from the CMO and consumer insights team, RCP initiated the second phase of the consumer learning plan in China.

#### 4.5.1 Sensing and searching—ethnographic study

RCP needed additional consumer understanding to continue optimizing its marketing mix elements. In 2015, based on requests from Davies and the marketing team, CMI commenced an ethnographic study to provide contextual learnings around cleaning and refuse products in the two priority verticals (hospitality and property management). Data were collected from 25 ch/users in hospitality and property management, along with building service contractors who held the cleaning contracts for top properties in China. The data provided insight into ch/user perceptions, buying behaviors, and cleaning and refuse product usage. Interview respondents were employed at various levels within their organizations, including as general managers, housekeeping managers, and cleaning
staff employees.

The ethnographic study’s objective was to understand the “why” behind the quantitative product concept results. Not only would it help explain why some concepts failed with ch/users, it would also provide insight into why some product concepts were accepted. The consumer insights team analyzed the quantitative data on the concepts, then used this data to prioritize product attributes and correlate them with relevance scores in the concept tests. In some instances, attributes rated differently than the marketing team expected (see Figure 11). For example, the “lasts a long time” attribute did not correlate as highly with relevance as predicted, yet “durability” was a key communication claim and pillar for the RCP brand in the US and had therefore been adapted as a top claim in China as well. Indeed, as noted earlier, the brand was positioned around performance and durability: “Only RCP outlasts and outperforms anyone else.” Another key attribute the team sought to understand was the unexpectedly low relevance of “impact on my company’s image.” Based on the North American market, the team assumed that using RCP products in a property positively impacted the property’s image with patrons, and that the RCP brand gave people confidence regarding proper cleaning standards and a well-run property. The team needed a deeper understanding of ch/users’ attitudes and habits concerning cleaning and refuse products and how they might influence RCP’s future product strategy.
4.5.2 *Results of the ethnographic study.* “Quantitative research, by definition, is incapable of unearthing a ‘golden nugget,’ an epiphany that elucidates buying behavior.” (Doctoroff, 2005). The ethnography study gave the China marketing team key insights not previously identified in the concept product testing. The concept tests sought to validate the proposition of existing North American products, which had not been adapted for the Chinese market in any way. The results were useful, and they validated a majority of the product mix as relevant for local ch/users. If many US product concepts had failed, NB may decided to exit the market or put all investment and growth expectations on hold until an appropriate product mix was established for the market. Yet, despite the fact that many products passed the action standards, it was clear from the experiential learning and concept test results that North American product could not be the only aspect of the marketing mix. The ethnographic test
offered a context for how people were using cleaning and refuse tools. It also highlighted the unmet needs of choosers to inform potential innovation and new product strategies. The ethnography also unearthed some local user challenges that a product or new tool would be unable to solve. It gave the RCP China team a view of RCP “categories in context.” As noted in the study design brief (#5), the RCP China management team was looking for deeper qualitative perspectives on two topics:

- Cultural challenges—and how to overcome them—in relation to the process of cleaning and handling of materials
- Developing a true core competency around providing services to ch/users

Obtaining deeper insights about choosers, users, and influencers from a cultural perspective, along with a better understanding of the “clean” concept in the Chinese market could help the organization refine its marketing mix elements even further.

4.5.2.1 Overview of the ethnography approach. The NB consumer insights team contracted an agency partner to facilitate several types of learning activities, both formal and informal. First, researchers conducted face-to-face formal interviews with general managers, housekeeping managers, and “ayis” (equivalent to maids/housekeepers in China). Second, they went on facility tours to observe products in use and videotape ayis cleaning hotel rooms and properties.
Table 12. Overview of Ethnography Participants (#5)

<table>
<thead>
<tr>
<th>Overview of Ethnography Fieldwork</th>
<th>Locations Visited/Observed</th>
<th>Interviews Conducted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hospitality</strong></td>
<td>Two 5-star hotels, three 4-star hotels, and one budget/local chain</td>
<td>Six general managers (GMs), five housekeeping managers, and four ayis (housekeepers)</td>
</tr>
<tr>
<td><strong>Property Management</strong></td>
<td>Four building service contractors</td>
<td>Four GMs/VPs, four cleaning managers, and three ayis</td>
</tr>
<tr>
<td><strong>Expert Interviews</strong></td>
<td></td>
<td>Interviewed experts at RCP and at Diversey, a chemical provider with customers similar to RCP</td>
</tr>
</tbody>
</table>

4.5.2.2. The cleaning landscape in China. Several characteristics unique to the Chinese market emerged from the ethnographic study. The professional cleaning landscape was experiencing accelerated growth rates due to continued property development across China, and it posed challenges for Chinese choosers that were different than those of their North American counterparts. Further, China’s retail, office space, and hotel properties were expanding at a rapid pace, whereas North America was experiencing declines in retail and office space, and hotel growth had remained relatively steady. China’s market growth created many constraints that RCP had to consider. Poor infrastructure was highlighted as a key barrier to properties carrying a full range of cleaning tools. Many properties in China—while luxurious on the outside—were deficient in proper planning for back-of-house support. As a result, many properties lacked storage space for tools and lacked hot water in key locations required for cleaning.

4.5.2.3 New vs. durable. The RCP team sought to understand how the local Chinese consumer perceived the durability proposition. RCP managers were concerned about the recent product concept tests’ correlation of durability to relevance, which was lower than the team expected. In North America, durability had been a key selling point of the RCP brand, and it had
influenced how products were developed and manufactured, as well as which materials were used in manufacturing. This robustness built into the products drove the brand’s premium price position and was a key differentiator from its competition. In interviews, however, property managers emphasized why durable, long-lasting products might not be preferred: cleaning tools were often visible to their patrons, so having tools that appeared new was more important than durability. Properties such as malls and office buildings were cleaned during the day, when the “day cleaning” ayis would continuously walk the properties and perform cleaning duties among the patrons. Because of this, property managers highlighted the need for products that appeared new; as one put it, “The cheapest new mop still looks better than an expensive old mop.” (#5) Another manager said that he had no desire to order products that last a long time. “I would rather spend money to buy something one-third cheaper than one that is more expensive and can be used for 5–10 years; we will not consider that.” (#5) Given their high visibility, having new-looking tools was considered a high priority, so tools should be durable enough to not rapidly appear worn down, but not be so durable that replacing them at regular intervals would be wasteful.

This gave the RCP team much to consider in its product portfolio. A less durable product range could be offered, but this was antithesis to the brand promise. One approach considered was to redefine “durable” for the local market, developing products that were less durable than those in the US, but still durable enough for the local market to outperform the competition. Another consideration was to develop tools to teach local choosers about the higher return on investment (ROI) they could achieve by purchasing long-lasting products versus replacing them often. ROI was a key consideration for North American choosers, but did not seem to be a consideration for Chinese choosers. Because many properties guarantee cleaning contracts only
for short durations, ROI could be challenging; as one manager points out, “Most cleaning contracts for BSC [building service contractors] are only one-year long, so long-term benefits in tools are not appealing.” (#5) The prominence of one-year contracts proved challenging for RCP. If a building service contractor was guaranteed a cleaning contract only for one year, they had little incentive to buy tools that lasted beyond the contract duration. Clearly, there were many implications to consider for a brand built on the idea that it “outperforms and outlasts” anyone else.

4.5.2.4 A need for training and standards of clean. China’s accelerated property growth was driving demand for professional cleaning services and labor was putting a huge strain on property owners. Labor for cleaning professionals had become scarce. General managers were experiencing high turnover rates and had difficulty staffing teams at full capacity. This resulted in a constant need to train staff members on operating procedures and how to use cleaning tools. Managers were also concerned about the caliber of talent in their organizations. Some managers believed that ayis could not retain information; as one put it, “It’s important for me to repeat important things at staff meetings, otherwise ayis always forget.”(#5)

A primary driver behind tool choices and operating procedures was the “rough” behavior of cleaning staff. The ayis were often migrants from rural parts of the country and lacked intuitive behaviors around care, discretion, and follow-through—the very factors that are often the mark of quality hotel services and high-end properties. This aggressive behavior led some managers to come up with alternative solutions, such as taking away hospitality carts because staff members tend to run them into walls and doors or pile them too high with dirty linens and other goods. Describing the reasoning for getting rid of the carts, one property owner lamented:
“And those ayis, they are not highly paid. So, you can imagine when they cross the corridor where there are some doors—they drive the cart like a tank, and they hit my doors! Because they are working very hard, they do not care. So, this is to protect my corridor. Secondly, in many new hotels, the corridor is not wide enough.” (#5)

Property owners and building service contractors experienced pressure to maintain consistent standards in their properties, yet these standards had begun to continually increase in order to provide a competitive advantage to guests. One property manager felt the standards put in place by property owners were completely unattainable:

“The cleaning standard is 100%, yet we can never achieve 100%. Everyone understands it, but it is not achievable.” (#5)

Further, given the class stratification in China, most housekeeping managers lacked practical cleaning experience. Discussions with choosers exposed this need for practical hands-on training and education to help these managers gain seasoned experience. One property manager shared his frustration with the general caliber of talent, which dilutes operating standards as they filter down through his organization:

“We have a saying that, when a company gives the standard to the VP, then to the project manager, the project manager will understand only 90% of the content. By the time it gets to the supervisor, only 80% is left, and by the time it gets to the ayis, only 60% remains.” (#5)
International chemical and machine suppliers were highly regarded by the various stakeholders interviewed and could serve as a benchmark for RCP. Strong brand awareness and loyalty for companies such as K’Archer and Diversey existed in part due to the quality of their goods, but had more to do with the services they provide in parallel to their core offering. These companies help with training, inspection, tracking, and internal organization. This helps choosers improve the knowledge of their workforce, which is especially important when choosers lack internal resources and training capabilities themselves. Such companies thus had become trusted partners and pushed for exacting standards in an environment pressured to cut corners. Educating workers and making solutions mistake-proof resonated with property managers. A representative from K’Archer, a cleaning machine brand, discussed why they prioritize training:

“Actually, in the process of cleaning, we train our cleaners to do cleaning service elegantly. When you see [an ayi] holding a K’Archer vacuum cleaner, and working in a very elegant way, it is actually quite beautiful. This is my feeling.” (#5)

RCP offered little training or services to end users during this time, and any training offered was focused more on basic product usage than holistic cleaning operating procedures. In North America, standard operating procedures were developed by the properties or BSCs, so there was little need to teach cleaning professionals how to clean. In China, RCP had the potential to establish itself as an expert in the cleaning tool market and fill a need in the professional cleaning industry. Establishing cleaning protocols and training workers on these
standards could be a competitive advantage for the brand. As with the cleaning machine, there was an opportunity to design tools that encouraged proper usage and provide standards to encourage graceful action on the part of the ayis. Many of the machine brands also provided certifications when ayis completed trainings. A manager highlighted how this elevated the role of the ayis; they are, he said, “highly valued because they give face to the profession.” (#5) That is, because ayis are visible and interact with guests, they are the “face” of a cleaning service company, so it is important that they project a positive image. “When the cleaners come in, their first training is on detergent, the second is on use of training tools, and the third training is on courtesy and manners.” (#5)

4.5.2.5 Opportunity for front of the house cleaning tools. Ch/users also identified the need for products to be secure. This was surprising to the RCP management team, as security was not a significant problem in North America. In China, when ayis were cleaning in public spaces, crowds sometimes became unruly and vandalized the cleaning carts. Also, when carts were left unattended, patrons of the property would sometimes steal cleaning supplies to take home or to wash their cars in the property parking lots:

“Ayis need to watch their cart in the basement, because people will take away cleaning cloth and buckets if ayis are not mindful. Some customers will take away cleaning cloths and buckets to clean their cars parked in the underground garage.” (#5)

Ayis need to stay near their carts and cleaning supplies to prevent theft and vandalism, which can be very costly to property owners and BSCs. General security was also cited as an issue, as patrons sometimes tamper with products and misuse them if they are left out in public.
One ayi spoke about hiding tools from plain view, noting that the ayis put “some buckets onto a cart in the back-of-house exit passageway, rather than having all carts use buckets because young children sometimes urinate in the them.” (#5) Although security was not initially an issue that the RCP team had considered as a product requirement, it was identified as a potential way to drive differentiation versus the competition.

4.5.2.5.1 Front of house vs. back of house. Unlike in North America, the study found that where products were actually used in China drove different purchase considerations for users. As noted earlier, many malls and office properties offer day cleaning, so ayis are continually cleaning and visible, which gives patrons confidence in a well-run property. High-end properties opted for RCP cleaning carts as a “star” cleaning touch point. The RCP carts circulated among the shoppers and office workers and provided strong impressions of the cleaning service. One office manager noted that “a ‘branded’ cart is a key touch-point for guests to see how prestigious the cleaning company is, and RCP carts have been very popular for this reason.” (#5) In these high-end scenarios, the RCP brand was highly valued for its premium, international status, and procurement managers often required the purchase of RCP brands: “Yellow is sparking. Rubbermaid is famous in America. We have to choose RCP products for guest-facing categories.” (#5)

Based on these learnings, RCP managers found that the current product offering in the marketing mix aligned most closely to front-of-house standards and activities in properties, as this is where choosers placed a premium on spending. Visible cleaning is the touchstone service that showcases the value a management company brings to malls, offices, or other properties. Cleaners are the frontline “faces” who interact with the guests, and their daytime cleaning behaviors are on display for everyone to see. Thus, beyond its current product offering, RCP saw
an opportunity to create tools with a product image and “signature” feel that enhanced the branded visibility of cleaning and reinforced the premium, professional image of the cleaning team’s work. In image-centric China, the image of the tool appeared to be more important than the end cleaning result.

Hotel managers took a similar approach to tools visible to guests. If a hotel guest could see, touch, or interact with a tool, it must be of the best quality and brand. If a cleaning process was invisible to guests, branding and quality became much less important to choosers. In hotels, for example, room cleaning was rarely visible to the guest. An international hotel property chooser explained it this way:

“Because the process of most hotel cleaning is invisible to the guests, the end result is the only thing that matters. Therefore, the hotel does not need to depict a ‘professional’ image with its tools.” (#5)

A local hotel manager was even more adamant that professional tools and standards were unnecessary for room cleaning, stating that: “There are many reasons guests come to my hotel. Hygiene is not one of them.” (#5)

This was a clear difference from North America, where few differences in buying patterns exist for back-of-house versus front-of-house usage. Thus, it was essential to sales growth that RCP create value among patrons for tools used in these “invisible” back-of-house instances; that would only be possible, however, if patrons demanded that properties use quality products in all cases. Another option was to better educate the hospitality industry about the short-term savings available when RCP products are used in synergy with one another—
meaning, that is, that it was not necessarily cost effective to have two sets of tools. A third consideration was to train housekeeping managers so they could become key advocates for the brand within their organizations. Table 14 summarizes the differences identified in the role of cleaning between the property management (malls and office spaces) and hospitality verticals that RCP served. These learnings gave the RCP marketing team several options to consider in relation to its marketing mix.

Table 13. Comparison of Property Management & Hospitality Learnings

<table>
<thead>
<tr>
<th></th>
<th>Property Management</th>
<th>Hospitality</th>
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<tbody>
<tr>
<td>Role of Cleaning</td>
<td>Cleaning helps Property manager to justify the value of its services</td>
<td>Room cleaning is the baseline of services, elevation of hotel services doesn't come from cleaning</td>
</tr>
<tr>
<td>Meaning of Clean (Guest)</td>
<td>Cleaning is the human-factor, the surrogate of service</td>
<td>Cleaning is part of the interior décor - it is an &quot;invisible&quot; service delivering the end result of clean space</td>
</tr>
<tr>
<td>What Cleaning is About (Ayi)</td>
<td>A location based responsibility and repetitive in order to maintain standard in the space</td>
<td>A task based mentality, ayi is to carry a series of tasks to ensure that the room is &quot;ready&quot;</td>
</tr>
<tr>
<td>How are Ayi perceived?</td>
<td>Frontline server of the Property Management Company, Premium cleaning = Premium Service</td>
<td>&quot;Cinderella&quot; - not guest facing staff</td>
</tr>
<tr>
<td>Innovation needs in Cleaning</td>
<td>Seeking innovative solutions on raising industry standard on achieving cleaning results</td>
<td>Key areas of interest are new solutions to reduce labor headcount, elevate labor capability, improving productivity</td>
</tr>
<tr>
<td></td>
<td>Interest in premium tools to elevate the appearance of cleaning standards</td>
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</table>

4.5.3 The global–local marketing mix. The ethnographic study’s sensing and searching activity provided rich insights that the RCP China management had not previously unearthed. It explained the cultural implications of cleaning in China and provided insights into why Chinese users had different needs than those in North America. Although portions of the current core-focused marketing mix were relevant, the Chinese market also needed local adaptations to meet unique demands. As Table 14 shows, this knowledge acquired through sensing and searching
caused the organization to yet again reshape some of its marketing mix elements. However two elements of the 4Ps had stabilized: the RCP team did not change pricing or placement strategies in this phase, as the study did not indicate any red flags or needed changes in either area.

The RCP team initiated new promotional activity to address some of the challenges highlighted in the ethnographic study. First, it developed ROI calculators for choosers. These calculators were designed to compare the actual costs of buying a competitive product, along with the subsequent replacement costs, compared to purchasing an RCP product with long-lasting properties and warranties. They also calculated cost-in-use, so owners could compare usage rates among brands. RCP continued to believe product durability was a necessary tenant of the brand, and chose not to use cheaper materials, less costly manufacturing processes, or otherwise change its product make-up. The ROI calculator was a way to teach choosers the long-term value of owning RCP products.

Another addition to the promotional element was developing a partnership with the global Building Owners and Managers Association (BOMA). RCP had strong relationships with BOMA in North America, but had not yet formed this partnership with the local chapter in China. BOMA and RCP discussed a joint initiative to develop a SOP manual for cleaning in China to define the “gold standard” of cleaning. This gave RCP the opportunity to be one of the initial authors of cleaning standards in China. With this initiative, RCP had the chance to speak at local conferences and on panels with building property owners and managers. It also looked to develop a certification program, including trainings and a set of test instruments for housekeeping managers and ayis. This certification program would not only ensure that employees were properly trained on cleaning standards, but it would also give them the recognition they desired (as identified in the ethnography study).
Finally, RCP looked to develop local product for the Chinese market. The ethnographic study gave the marketing team several ideas about how to solve users’ needs in both the hospitality and property management verticals. It planned to use these insights to build benefit-driven products specifically relevant to the unique challenges users faced. These product concepts would be tested early in the development process to ensure that they uniquely met consumer needs, and the team would continue to validate the products with ch/users along the way. RCP planned to launch these new innovations in 2017 alongside its current product offering.

Table 14 offers a summary of the new Global–Local marketing mix.

<table>
<thead>
<tr>
<th>Product Pricing</th>
<th>Promotion</th>
<th>Place</th>
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<tbody>
<tr>
<td>Continue with 528 SKUS Available and focus on core US products that tested well with choosers &amp; users</td>
<td>Continue with current pricing strategy of 0-20% premium to market leader (20% for innovation/differentiation)</td>
<td>Continue with Core advertising campaign, showrooms and previous PR and trial campaigns.</td>
</tr>
<tr>
<td>Create a specific line of tools for PM and Hospitality Verticals based on learnings</td>
<td>Develop partnership with BOMA, a regarded association for Building Owners and property managers to develop an industry cleaning standard and guide that would elevate RCP as the “gold standard” in cleaning</td>
<td>Added Building Service Contractors as a direct sales focuses versus accessing through distributors</td>
</tr>
<tr>
<td>Create a SERVICE to provide training and continual monitoring post-purchase</td>
<td>Develop ROI calculators for choosers to teach the long term and cost-in-use savings potential through purchasing durable, long-lasting products</td>
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### 4.5.4 Performance monitoring—the results.
RCP is now in the midst of executing its newly informed marketing strategy. This study concluded in 2016, however, so results are not available on the organization’s performance in 2017 and beyond.
5.0 Discussion and Contributions

This research highlights several themes that run throughout RCP’s market entry strategy in China. First, RCP’s marketing mix is emergent. It has both realized and unrealized aspects based on the TMT’s original intentions and stated strategy. Throughout the marketing strategy development process, learning occurs and, as knowledge is acquired, marketing mix elements are revised or sometimes changed all together. Second, this knowledge acquisition occurs throughout each phase of the emerging strategy, and in some cases, multiple learning behaviors were evident in a single temporal phase. Four of the five knowledge acquisition behaviors were displayed throughout the research period. The fifth—vicarious learning—was not evident in this context, possibly because the RCP organization had considerable experience in the US market and, given its home market leadership, might not have seen the benefit in monitoring or benchmarking the competition. It is also possible that vicarious learning took place, but was not formally documented or discussed in organization strategy sessions. Third, knowledge acquisition is the impetus for reshaping the strategy. In some instances, specific types of knowledge acquisition accelerated this process. Finally, as the strategy emerged, the organization’s results improved. This is not to say, however, that the strategy should be deemed successful per se. Performance monitoring on the market mix’s next phase has yet to take place, and the organization’s results should be measured over time as RCP continues to establish itself in the Chinese market.

Based on the study’s longitudinal nature, the strategy building process can be examined over time versus solely at its inception. NB is dedicated to RCP’s success in China, and—as an organization focused on learning—it works to shape and reframe the strategy based on new
experiences and the knowledge that results. Given this context, the organization did not cling to its initial strategy (i.e., Export Model), nor did it deem it a failure to revise that strategy. Rather, the performance monitoring of sales revenue and continued acquisition of knowledge about the local market gave NB the inputs it needed to guide strategy revisions, allowing new strategy to emerge. As in Mintzberg’s analogy of a potter (1988), RCP formed a marketing strategy for China and, through knowledge acquisition, molded each element of its marketing mix over time.

Four knowledge acquisition behaviors were evident in this study. RCP’s learnings were both planned and unplanned and both were beneficial to shaping the marketing mix. The initial marketing strategy was founded on congenital learning, as RCP used its experience in North America to make decisions about its approach to entering China. Unplanned learning, including the new management team’s experiential learning upon entering the Chinese market, gave that team a better understanding of what Chinese distributors needed to be successful and offered insight into how RCP was viewed compared to the competition. The organization’s planned learnings included grafting, by adding new leadership with substantial experience launching into new markets, and sensing and searching, which directed the formal studies. Both approaches gave RCP deep insights into the consumers, their perceptions, and how they might use different RCP products. Indeed, these planned learning initiatives appear to have accelerated the shaping and reframing of the strategy itself.

The organization reshaped its marketing strategy as it acquired knowledge. The TMT continued to redefine marketing mix elements to better align with the OL. Internally, these changes were not defined as strategy failures or strategies unrealized, but rather as indicative of the continuous learning and inputs needed when entering a foreign market. The Chinese market is complex, and RCP’s continued knowledge acquisition highlighted the need for organizational
changes. The initial marketing mix was not one that could drive continual growth over the long term. These marketing strategy shifts show the organization’s commitment to success in the Chinese market and its ability to learn and apply the learnings within the strategy context. In addition, these learnings can also be applied to other NB divisions considering a launch into China or other emerging markets, and can both inform and accelerate their approach to strategy development.

As the strategy emerged, RCPs revenue growth markedly improved. Throughout each phase of the strategy process, knowledge acquisition gave the management team insights about how to continue unlocking growth opportunities in the Chinese market. Conversely, in the strategy’s initial stage, when the marketing mix had yet to change and new learnings were not applied, revenues were stagnant. Therefore, knowledge acquisition and its infusion into strategy was a key element to reinvigorating RCP’s market growth.

5.1. Limitations

This study has three identified limitations. First, because the researcher is an employee of NB and the RCP marketing team’s former leader, biases can clearly come into play. Second, because this is a single case study, the results are not generalizable. They can, however, provide a framework for future statistical analysis. Finally, the data analyzed is archival and secondary, so additional research was not possible when information gaps arose.

5.2. Contributions and Implications for Future Research

Using the concepts of emergent strategy and the OL sub-concept of knowledge acquisition as a theoretical framework, this study examines how NB, and RCP specifically, optimized and surfaced its marketing strategy in China over time.
This study not only shows how the market mix elements emerged and evolved, but also describes the results that followed. The study further shows how different knowledge acquisition aspects and behaviors informed decisions throughout each phase of the marketing strategy. As the following sections describe, the research advances knowledge in both theory and practice.

5.2.1 Contribution to theory. The study’s longitudinal nature shows that the marketing strategy was not formulated and then unrealized, but rather its elements emerged over time and were optimized based on the firm’s behaviors. The study brought forth the idea that organizational knowledge acquisition was the impetus to this emergent strategy process and drove change within the strategy’s temporal stages. Four of the five knowledge acquisition types were evident, and grafting played a significant role in the firm’s learning. NB’s new leadership grafted new processes and approaches to the marketing mix, which optimized and accelerated performance compared to the previous learning types. Previous work has explored experiential and congenital learning in detail, but little work has been done to identify the importance of grafting and its impact on a strategy’s trajectory and its realization in subsequent performance. This is an area that future research can explore in other strategy contexts. There is also an opportunity for other OL aspects to be combined with emergent strategy to determine how OL interplays with the emergent strategy concept.

In this context, knowledge acquisition occurred over time, so elements of the marketing strategy began to stabilize. In the initial stages, the elements changed significantly. As time passed and knowledge was continually acquired, however, certain elements were minimally refined or remained unchanged. It appears that, the deeper and more deliberate the learning, the more refined and optimized the strategy becomes. Figure 12 shows each of the 4Ps and how they emerged or were realized during RCP’s Chinese market entry phases. As the graphs show, each
element achieved varying rates of realization and some elements continue to emerge. This is a concept to be further studied; Figure 13 shows a potential framework for that future exploration.

Figure 12. RCP’s marketing mix elements and their emergence over time.
5.2.2 Contribution to practice. Grafting is an area for practitioners to consider in the strategy development context. In this study, grafting had a positive impact on OL and appeared to accelerate strategy development. This requires further research and analysis, but could have implications for organizations and their hiring strategies. A deeper understanding of grafting could help organizations determine when it is best to *graft* new talent into an organization by hiring from outside rather than hiring and/or promoting from within.

Another key area of interest emerging from this study are the concepts of “front of house” and “back of house” product offerings in China. Based on the cultural context of “face,” it could be interesting for marketers to explore how these usages influence consumer buying behaviors in other product categories. This could have implications for product development approaches, depending not only on where the product is used, but also on where others observe its use.

Examining one firm’s market entry strategy in China revealed the knowledge acquisition behaviors influencing its marketing mix and decision making. This provides a framework for
firms considering new markets and how to approach and develop a learning plan prior to entry. By implementing these concepts prior to launch, other firms might improve their performance and more effectively guide their learning. The study also shows the time, resources, and patience required when entering new markets. It further provides context on the danger of immediately dismissing a strategy or deeming it a failure; knowledge acquisition can help shape that strategy over time.

In conclusion, David Knights and Frank Mueller said it best:

“If strategy is in a continuous process of becoming, analytic attention is directed towards those practices that are associated with its construction in inertial, stabilizing or changing paths of becoming. Most importantly, in studying the becoming of activity, we acknowledge that a strategist’s work is never ‘done,’ strategy is always an unfinished project under construction” (2004).

Likewise, there is more to learn in relation to strategy itself, and how knowledge acquisition plays into its formation. The researcher looks forward to continued advancement in this realm.
### 7.0 APPENDICES

<table>
<thead>
<tr>
<th>Name of Internal Document</th>
<th>Region/Year</th>
<th>Document Type</th>
<th>Type of Respondents</th>
<th>Type of Data</th>
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<td>Users &amp; Choosers</td>
<td>Qualitative: -interviews Quantitative: 65 question survey - Observation</td>
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<td>Refuse Cleaning</td>
<td>Users &amp; Choosers</td>
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<td>Users &amp; Choosers</td>
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