

# GIVING GUIDANCE FOR CULTURALLY- AWARE MARKETING COMMUNICATIONS

Case: Eagle Windpower Ltd. in Vietnam

LAHTI UNIVERSITY OF APPLIED  
SCIENCES  
Faculty of Business Studies  
Degree Programme in International Business  
Bachelor's Thesis  
Spring 2010  
Anna-Katriina Lius-Shura

Lahti University of Applied Sciences  
Degree Programme in International Business

ANNA-KATRIINA LIUS-SHURA : Giving Guidance for Culturally-Aware  
Marketing Communications  
Case: Eagle Windpower Ltd. in Vietnam

Bachelor's Thesis in International Business, 94 pages, 9 pages of appendices

Spring 2010

ABSTRACT

---

This thesis gives guidance for Eagle Windpower Ltd. when it is planning its marketing communications approach in Vietnamese marketing context. The focus of this study is in exploring Vietnam's cultural environment and how it affects personal selling interaction in business-to-business marketing. The special characteristics of Eagle's product – a small wind turbine – are taken into consideration in this study too. Furthermore, the aim of this study is to acquire a general theoretical understanding of marketing communications and how cultural factors affect it.

To do that, a field study was conducted in Vietnam. It consisted of interviews and observations. The research method involved ethnographic approach. The data collected is used to find cultural factors affecting the marketing context. Finally, ideas helping to build a culturally-aware marketing communications approach are generated.

In order to build a culturally-aware marketing communications approach, Eagle should follow the local communication and relationship building styles. Cultural dimensions such as high power distance and collectivism in the society are to be taken into consideration. Furthermore, the main objective of Eagle's marketing communications effort is gaining social capital by networking with influential operators in Vietnamese society. In order to reach this objective, Eagle follows the local networking patterns. *Guanxi*-style networking prevails in Asian societies influenced by Chinese culture. This kind of networking involves emotional element and the used communication style is personal. In addition, the relationship is aimed to be a long-term one. Adopting this kind of approach can create two advantages for Eagle, competitive edge and bribery avoidance.

Keywords: marketing communications, cultural environment, B-to-B marketing, personal selling, small wind energy, Vietnam, Eagle Windpower

Lahden ammattikorkeakoulu  
Degree Programme in International Business

ANNA-KATRIINA LIUS-SHURA: Ohjeita Kulttuuritietoiseen Markkinointi-  
viestintään  
Case: Eagle Tuulivoima Oy Vietnamissa

Kansainvälisen kaupan tradenomin opinnäytetyö, 94 sivua, 9 liitesivua

Kevät 2010

## TIIVISTELMÄ

---

Opinnäytetyö antaa ohjeita Eagle Tuulivoima Oy:lle sen suunnitellessa markkinointiviestinnän lähestymistapaa Vietnamin markkinointikontekstiin. Tämä tutkimus keskittyy Vietnamin kulttuuriympäristöön ja siihen kuinka se vaikuttaa henkilökohtaisen myyntityön toteutumiseen business-to-business markkinoinnissa. Eaglen tuotteen – pientuulivoimalan – ominaisuudet otetaan työssä huomioon myös. Tutkimuksen päämäärä on lisäksi muodostaa yleinen teoreettinen ymmärrys markkinointiviestinnästä ja kuinka kulttuuriset tekijät vaikuttavat siihen.

Tutkimus tehtiin suorittamalla kenttätutkimus Vietnamissa. Kenttätutkimus koostui haastatteluista ja havainnoinnista. Tutkimusmetodiin kuului etnografinen lähestymistapa. Kerättyä aineistoa on käytetty löytämään kulttuurisia tekijöitä, jotka vaikuttavat markkinoinnin kontekstiin. Lopuksi on kehitetty ideoita, jotka auttavat kulttuuritietoisen markkinointiviestinnän rakentamisessa.

Rakentaakseen kulttuuritietoista markkinointiviestintää, Eaglen on seurattava paikallisia viestinnän ja verkostoitumisen tyylejä. Kulttuuriset ulottuvuudet yhteiskunnassa kuten korkea valtaetäisyys ja kollektivismi on syytä huomioida. Lisäksi, Eaglen markkinointiviestinnän pääasiallinen tavoite tulee olla yhteiskunnallisen pääoman hankkiminen. Tämä tapahtuu verkostoitumalla vaikutusvaltaisten operaattoreiden kanssa. Päästäkseen tulokseen, Eagle seuraa paikallisia verkostoitumistapoja. *Guanxi*-tyyppinen verkostoituminen on tavallisinta aasialaisissa yhteiskunnissa, jotka ovat saaneet vaikutteita kiinalaisesta kulttuurista. Tällaiseen verkostoitumistapaan kuuluu emotionaalisuus, ja viestintätapa itsessään on henkilökohtainen. Lisäksi, tällainen verkostoituminen tähtää pitkäaikaisten suhteiden syntymiseen. Kulttuuritietoisen lähestymistavan omaksumisesta on hyötyä Eaglelle: se voi synnyttää kilpailuedun ja auttaa pienentämään riskiä joutua tekemisiin korruption kanssa.

Avainsanat: markkinointiviestintä, kulttuuriympäristö, B-to-B markkinointi, henkilökohtainen myyntityö, pientuulivoima, Vietnam, Eagle Windpower

## CONTENTS

|       |  |    |
|-------|--|----|
| 1     | INTRODUCTION   | 1  |
| 1.1   | Background   | 1  |
| 1.2   | Research question and objectives   | 5  |
| 1.3   | Limitations  | 6  |
| 1.4   | Focus of study – cultural environment  | 7  |
| 1.5   | Structure of study   | 8  |
| 1.6   | Theories on cultural environment and how this environment affects marketing communications | 8  |
| 1.7   | Key concepts   | 14 |
| 1.8   | Theoretical framework model  | 22 |
| 2     | RESEARCH METHODS   | 23 |
| 2.1   | Data collection methods  | 23 |
| 2.1.1 | Interviews   | 24 |
| 2.1.2 | Observations   | 27 |
| 2.2   | Data analysis methods  | 28 |
| 3     | FACTORS AFFECTING MARKETING OF SMALL WIND ENERGY TECHNOLOGIES IN VIETNAM                   | 31 |
| 3.1   | Small wind energy and its application in Vietnam   | 31 |
| 3.2   | Vietnam PESTEL-environments  | 35 |
| 3.3   | Cultural environment of Vietnam  | 48 |
| 3.4   | Research on topics related to this study   | 52 |
| 4     | FIELD STUDY DATA ANALYSIS  | 55 |
| 4.1   | Interviews   | 55 |
| 4.1.1 | Questionnaires   | 55 |
| 4.1.2 | Interviews with Mr. Khai and Ms. Thao  | 59 |
| 4.1.3 | Interviews with Mr. Tho and Mr. Thuan  | 63 |
| 4.2   | Observations   | 64 |
| 4.2.1 | Lectures   | 64 |
| 4.2.2 | Two teachers   | 65 |
| 4.2.3 | Cultural clash between Vietnamese teachers and Finnish students                            | 66 |

|       |   |    |
|-------|---|----|
| 4.2.4 | Employee  | 68 |
| 4.2.5 | Building networks   | 69 |
| 4.3   | Cultural environment affecting marketing communications                             | 70 |
| 4.4   | 8-step B-to-B buying process by Armstrong & Kotler – ideas for Eagle Windpower Ltd. | 71 |
| 4.5   | Culturally-aware marketing communications model                                     | 79 |
| 5     | CONCLUSIONS   | 81 |
| 5.1   | Reason for research   | 81 |
| 5.2   | Theories  | 82 |
| 5.3   | Methods   | 83 |
| 5.4   | Key findings  | 83 |
| 5.5   | Outcome of research   | 85 |
| 5.6   | Research process evaluation   | 86 |
| 5.7   | Discussion  | 86 |
|       | REFERENCES  | 88 |
|       | APPENDICES  | 95 |

# 1 INTRODUCTION

## 1.1 Background

Wind energy is called a “sustainable”, “renewable”, “green” and “environmentally friendly” energy source. “Sustainable” comes from the Principles on Sustainable Development, which were adopted by the United Nations Conference on Environment, held in 1992 in Rio de Janeiro. This meeting forged a firm link between the environment and development. (Best Practices from Finland 2009.) “Renewable” comes from the fact that wind energy as an energy source is unlimited. It is available free of charge for everyone (Wind Energy the Facts 2009, 36). “Green” and “environmentally friendly” emphasize the reduction of CO<sub>2</sub> emissions, which wind energy allows.

Eagle Windpower is a producer and manufacturer of small (kilowatt-sized) wind energy technologies. The company was established in the year 2008 and it is located in Lahti. Eagle manufactures four different sizes of small wind turbines: 2 kW, 5 kW, 10 kW and 20 kW. The product is based on innovative material hylonite, which is based on nanotechnology. (Eagle Windpower marketing brochure 2009.)

Finnish wind energy technology industry is growing and searching for new markets. There is a widespread optimism in the field as expressed by the Managing Director of Eagle Windpower Ltd. Juha Siitonen (Siitonen J. 2009). Global warming means increased demand for sustainable energy solutions everywhere in the world. Especially there is a growing need for sustainable energy sources in Asian markets. It is essential for the development of these societies to find solutions, which can provide them a sure and steady source of energy. (Stauffer 2009.)

Small kilowatt-sized wind turbines available can be placed in individual houses. For example, Eagle’s turbines range from 2kW to 20 kW. These turbines allow whole villages to operate unconnected to electricity grids. These solutions suit

especially to remote areas with inadequate infrastructure. There are also combined solutions of wind energy turbines and solar panels in the market, which can be used according to the weather circumstances. (Siitonen J. 2009.)

Wind energy technology is a product with its own specialties, since it affects whole communities and economic development of the society. Wind energy is a sustainable energy source, which can have a positive impact on the air pollution and global warming in the long run. (Siitonen J. 2009.)

According to Miamari Siitonen, Marketing Director of Eagle Windpower Ltd, Eagle's wind turbine is not aimed to be just a commercial product but a complete solution, which can affect the development of whole communities and improve the every-day life of their inhabitants. Eagle wants to penetrate the markets in developing countries. This is a challenge, since the markets are totally different than in industrialized countries. There is a big difference whether the customer just wants to gain savings in his electricity bill or he wants that his children can do their homework after school, when there is sufficient lightning available. A good example is that a sufficient electricity source enables running a village clinic and thus can improve local health care system. Combining the ecological element with social issues is sustainable development and that is part of Eagle's company values. (Siitonen M. 2010.)

The developmental objectives in Eagle's strategy point to a concept of social marketing. Social marketing is most often initiated and sponsored by governments and nonprofit organizations. According to Philip Kotler and Nancy R. Lee it uses the normal marketing principles and techniques in order to influence target audience behaviors that benefit society (in issues such as public health, safety, the environment and communities). (Kotler & Lee 2009, 51, 56.)

Students of Lappeenranta University of Technology participating International Entrepreneurship project conducted a market research for Eagle Windpower Ltd. The students produced several company SWOTs in their studies. According to the students, Eagle Windpower Ltd. has a limited knowledge on its markets. The

company has a need for global references to become an internationally recognized manufacturer of wind energy technology. On the other hand the product itself is easily adapted to local circumstances. The local users can be trained to install the product and take care of its maintenance. There is funding available for piloting in developing countries from different sources such as Finnpartnership and Nordic Development Fund. (International Entrepreneurship Project File 2009.)

The findings of the International Entrepreneurship- project are the foundation for this thesis. The findings of the project indicate that Eagle needs a reference in a developing country. There are factors which support this strategy: the adaptability of the product for different circumstances and the available funding.

This study is needed also because of China. China is a big producer of small wind turbines and Eagle faces harsh competition from Chinese producers. There are plenty of Chinese manufacturers, which are marketing their products effectively. This was proven by a simple competitor analysis prepared for Eagle. (Lius-Shura & Miller 2009.) It seems that there is a need to widen knowledge of other Asian countries as Eagle's future target countries (Siitonen J. 2009).

In Vietnam the wind energy technology sector is in its infancy. There are some Vietnamese companies, which are manufacturing wind energy technologies; such as Bach-Khoa Development (BK-IDSE) Viet Nam (2009). However, there are no commercial manufacturers of small wind turbines.

According to a presentation given by Huong Ta Van, General Director of Energy Department in the Ministry of Industry and Trade, Vietnam will promote new and renewable energy solutions to remote areas. Vietnam's goal is to supply sufficient energy for the country's socio-economic development and also to reduce the pollution. (Huong T. V. 2008.)

There are signs that foreign wind energy businesses are penetrating Vietnam. As an example Cavico Transportation Ltd. got permission from local officials in Vietnam's Lam Dong province in October 2008 to evaluate a potential for a wind

power farm there (Cavico Transportation Gets OK to Evaluate Potential for Wind Power Farm in Vietnam, 2008).

Furthermore, small wind turbines are already implemented in a small scale in Vietnam. This was experienced by the researcher herself, when she was traveling in Halong Bay, in Northern Vietnam. A small wind turbine had been installed on board a floating fisherman's house. However, the turbine did not work properly and stood still all the time (see appendix 1).

When penetrating a new market Eagle needs to have a special competitive edge over its competitors. This edge could consist of the combination of innovative technology of Eagle's product (made of hybtonite, a material which is very light and extremely durable at the same time) and Eagle's expertise in marketing (Siitonen M. 2010). If a successful marketing plan is to be designed, the cultural distance between Finland and Vietnam deserves some consideration.

In their book Philip R. Harris and Robert T. Moran remind us that intercultural communication misunderstandings is a serious risk for companies, who operate in a context culturally different from their own. These misunderstandings might even lead to organizational and personal tragedies. Often business relations have gone sour, because of ineffective communication and a misreading of verbal and non-verbal communication signs. The expanding globalization requires increased cultural awareness. According to Harris and Moran we must go beyond the mere coping with cultural differences. The businesses should develop executive training and promotion practices that reward those who can deal with different cultures. (Harris & Moran 1996, 7, 19.)

This thesis aims at giving guidance for culturally-aware marketing communications for Eagle Windpower Ltd. in Vietnam. The aim of this study is to prepare useful suggestions for Eagle when it starts to build up a marketing communications approach for the Vietnamese market. In addition, another aim of this study is to get a general theoretical understanding on the impact of cultural environment to marketing communications.

## 1.2 Research question and objectives

This thesis tries to find a solution to the question “Which cultural factors affect Eagle when it is planning a marketing communications approach to a Vietnamese community?”

Sub-questions such as “How to take the cultural characteristics of the Vietnamese community into consideration?”, “How to persuade the community to take the final purchase decision?” and “How to build up the relationship?” will be answered. Answering these questions it is possible to give guidance for Eagle when it is building up a marketing communications approach.

This thesis is aimed to be a solution-providing study. It is designed for Eagle Windpower Ltd. and provides the case company with an action plan. In addition, the objective of this study is to develop understanding on the impact of cultural environment to marketing communications. The understanding is deduced from the existing theories. Finally, a real-world case is completed with general theoretical understanding.

The study aims at finding certain phenomena in Vietnamese marketing environment, which Eagle Windpower Ltd. could take advantage of. This means that this study has also the characteristics of a descriptive (describing the marketing environment and the cultural aspects of Vietnam) and explorative study (finding important phenomena affecting Eagle Windpower Ltd.). The observations made in Vietnam play important part in this research. The only way to conduct a reasonable research – especially when working with concepts of cultural environment and marketing communications – is a qualitative one.

The objective is to develop a marketing communications approach, which applies to the whole country. This despite the fact that northern and southern Vietnam have been separate entities just a few decades ago and there are some cultural dif-

ferences between them. As Usunier & Lee point out, regional differences within countries are most often much smaller than international differences (Usunier & Lee 2005, 204 – 205).

### 1.3 Limitations

This thesis is a within-case study of a case company Eagle Windpower in a specific target market Vietnam. This means taking into consideration, both the specialties of the company and its product and the specialties of its target country. However Eagle's strategical planning and decision-making processes are not dealt with in this study due the fact that they don't affect the outcome of this study. These issues are also under confidentiality.

The study deals with marketing communications. The other areas of marketing such as segmentation of the market or product positioning are not studied. The reason for this is the nature of the marketing in this study, which is B-to-B marketing. B-to-B marketing is a specific area of marketing which often requires the personal meeting between the seller and the buyer. This is due to the fact that often there is a large sum of money involved and the nature of the product is often complex. When a purchaser is an organization, a formal decision process is also needed. (Fill 2005, 767.) These characteristics indicate the dominance of personal selling. The focus will be in the personal selling encounter between the seller and the buyer.

The Vietnamese customer in this study is a small countryside community in a coastal area. There is a demand for feasible energy solutions in certain communities, because they are not connected to electricity grids and use diesel generators to generate electricity. The electricity generated with those generators is expensive. Diesel generators also increase CO<sub>2</sub> emissions, produce bad odor and make loud noise. (Stauffer 2009.)

The countryside community as a customer means that the buying organization is a local government. The decision of purchase goes through a formal decision making in the governmental body. The political and social environments of Vietnam have their effect also on marketing Eagle's products. However, this thesis just briefly takes them into consideration. The focus is on the cultural environment which affects every construct in the society as Geert Hofstede has shown in his study (Hofstede 1994, 4 – 5).

When talking about developmental piloting, it will be fully or partly funded by Finnish or international funds or organizations. Eagle has to sell its project for those organizations as well. Since the focus of this study is in marketing communication in a different culture, those operators are not studied in this thesis. Funding is also normally awarded on an application, such as Nordic Development Fund (2009.) It does not involve normal elements of marketing.

#### 1.4 Focus of study – cultural environment

Taking cultural aspects into consideration is essential. The researchers in the field of business studies all agree that culture affects how the business negotiations are carried out, and how the seller should act during the selling process. Above all culture affects what kind of selling arguments will persuade the buyer to make the final purchase decision. (e.g. Hofstede 1994, 225, 230 – 232; Fill 2005, 828; Usunier & Lee 2009, 149.)

Cultural environment was inadequately taken into consideration by the students of the Lappeenranta University of Technology (2009) when they conducted market research for Eagle on several different countries. In general, the students had not studied cultural environment in their country analysis. The analyses were mainly PESTEL, meaning taking political, economical, social, technological, ecological and legal environments into consideration.

However, culture is something which affects everything. Geert Hofstede calls it software of the mind. All people living in a certain culture are programmed to function in a certain way. (Hofstede 1994, 4 – 5.) This study concentrates on cultural environment. It finds out how the cultural environment affects the area of marketing communications. It also finds out the specific cultural environment in Vietnam. Furthermore, the study provides Eagle Windpower with some ideas how to use those findings in its marketing communications approach.

### 1.5 Structure of study

Theories and key concepts are explained briefly in the introduction, while the empirical part takes the main share of this thesis. The reason for this is the used ethnographic methodology. This study contains a large amount of field work with interviews and observations.

Also, literature related to the topic of this thesis is analyzed in the empirical part. The idea is to get a complete view of the marketing context, including the product itself, its application in the target country, the target market and the existing research on the topic.

The collected data is interpreted by using the selected theories. Ideas on culturally-aware marketing communications for Eagle are generated by using the findings and their theoretical explanations. Finally, Eagle's marketing communications taking place in Vietnamese cultural context is explained by using the selected theories.

### 1.6 Theories on cultural environment and how this environment affects marketing communications

Many researchers and authors state that Vietnamese cultural environment is a typical Asian society. The society is hierarchical and stress is on personal relation-

ships. Especially in such kind of society special marketing communications approach must be developed. Because of the complex structure of the society, selling takes time and needs patience. The used selling arguments should be of a right kind. Personal encounter between the seller and the buyer becomes important. (e.g. Remes 1997, 24; Pukkila 2002, 30, 91; Ellis 2004, 190, 196.)

*Cultural dimensions by Hall and Hofstede:*

Geert Hofstede is a researcher, who has studied different cultural value systems. He has derived five dimensions of culture (individualism/collectivism, power distance, masculinity/femininity, uncertainty avoidance and long-term/short-term orientation) (Hofstede 1994).

Hofstede has given values for several countries. When the differences between Western and Oriental cultures are studied, the categories of power distance and collectivism/individualism are the relevant ones. This is due to the fact that in these categories the differences are the biggest, as Hofstede's scores show. Also long-term/short-term orientation is somehow relevant, since it was originally developed by Hofstede to describe the special nature of East Asian cultures.

In general power distance is high in all East Asian and South East Asian societies, while in the West it is normally medium or low. It is especially low in Nordic countries. In collectivism/individualism dimension East and South East Asian societies score near to the collectivistic end while basically all West European and North American score close to the individualistic end. (Hofstede 1994, 26, 53.)

Power distance can be defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. High power distance means a hierarchical structure in an organization. In this hierarchical structure the subordinates feel to be existentially unequal with their superiors. It differs from the low power distance cultures, in which the hierarchy is just based on roles taken inside an organization. (Hofstede 1994, 27 – 28, 25 – 36.)

Collectivism is a power of a group. A person is dependent from the organization he is working in. Individualism is just the opposite. It is a power of an individual person. The employees see themselves as independent from an organization they are working in. (Hofstede 1994, 50 – 52.)

Long-term orientation, very characteristic for Asians, is based on Confucian philosophy. It includes the following values: persistence, respect for traditions, personal steadiness and stability, respect for traditions. The stability of society is based on unequal relationships between people. The family is the prototype of all social organizations. Virtuous behavior is important. Virtue with regard to one's tasks in life consists of trying to acquire skills and education, working hard, not spending more than necessary and being patient. (Hofstede 1994, 165 – 166.)

Other important cultural dimensions were described by Edward Hall already in the 70s'. He found two extreme task scheduling behaviors, which he calls monochronism (M-time) and polychronism (P-time). Individuals working on M-time do one thing at a time and tend to stick on present schedules. When the conversation lasts longer than originally planned M-time people will politely stop the conversation in order to keep to their schedule. Meanwhile individuals working on P-time are much more flexible with the time. Normally Westerners work on M-time and Orientals work on P-time. (Hall 1989, 17 – 24; Usunier & Lee 2009, 20-21.)

Edward Hall has also divided cultures in two dimensions of communication. The two dimensions are called high context and low context. According to him high context communication concentrates on the person and the circumstances the message is delivered. Very little information is coded in the explicit message. Conversely, low context communication means delivering the message in an exact and explicit informative form. Western societies tend to be low context societies, while Oriental societies are normally high context ones. (Hall 1989, 105 – 116; Usunier & Lee 2009, 343 – 346.)

The cultural dimensions of Hall and Hofstede will be used in this thesis to find the existing major differences in Vietnamese culture compared to Finnish culture, or Western culture in general.

However, the problem is that these two models are somewhat outdated. Hall's theories are from the 70s' and Hofstede's from the 80s' and early 90s'. The process of globalization has speeded up and international trade increased remarkably. New theories are needed to facilitate cross-cultural marketing. Some researchers have tried to build new advanced models. In this study three theories by those researchers are used as a tool to analyze the cultural environment. The first is recontextualization by Brannen (1992), the second is the semantics of relationship building by Zhu, Nel & Bhat (2009) and the third is the *guanxi* vs. relationship marketing by Wang (2005).

*Recontextualization by Brannen:*

Mary Yoko Brannen presented her revised and developed conceptual model in a conference "Identifying Culture" held in Stockholm in 13-15<sup>th</sup> of June 2002. Recontextualization means the shift and change of meanings in differing cultural contexts. People give meanings to objects and systems and those meanings are conveyed through language. It is about semiotics, the shift in a meaning in a new context. When a company's internationalization process is concerned, the products and processes of a company are implemented and then interacted with the new user environments. This means that the company's products and processes undergo a recontextualization. (Brannen 2002, according to Zander 2004, 280.)

Brannen suggests company managers to take these recontextualizations in consideration and manage them in order to sustain competitive advantage. This conceptual model contributes a dynamic, interactive and intertextual approach for cross-cultural communication. This means that it stresses the active communication between the parties of different culture and the language they use. The model provides an analytical framework for applying semiotic analysis to interpretive research on cross-cultural organizational research. (Brannen 2002, according to Zander 2004, 280.)

Brannen's theory will be used to explain Eagle's shift to a new culturally distant marketing communications context.

*The semantics of relationship building by Zhu, Nel & Bhat:*

Zhu, Nel and Bhat concentrate on cross-cultural relationship building. The researchers state that globalization and internationalization of business has made marketing relationships increasingly important. However, the existing literature has given very little attention to exploring specific communication strategies for establishing business relationships and even less has been done from a culture-specific perspective. According to the researchers, the dimensions by Hofstede and Hall categorize cultures around certain polarized differences and ignore the specific communication strategies each culture employs.

Hofstede's dimensions of power distance and collectivism/individualism are useful, since they explain networking patterns in the society. Hall's dimensions of monochronic/polychronic and low-context/high-context are useful too, since they explain the general communication strategies in different cultures. The researchers see a clear link between Hofstede's and Hall's dimensions. The cultural dimensions affect the communication pattern. As an example, in high power distance culture people need to apply unique communication techniques to deal with specific relationships relating to power influence when building a business relationship. This leads to high-context communication. (Zhu, Nel & Bhat 2009, 322 – 323.)

However, a dimension going beyond the limits of Hofstede's and Hall's dimensions is needed. This dimension measures the semantics (research on the meaning of the words) of relationship building in different cultures. The researchers studied several countries and the relationship building there.

The differences in the relationship building can be measured according to the relationship building strategies which vary according to a culture. The nature of these strategies is more complicated than just plain cultural dimensions. For example, in

the case of Asian examples (China and India), the relationship formation was more unique than in Western examples (New Zealand and South Africa). Its nature was irreplaceable and the partners were interdependent on each other. In Oriental context, the partners expected to gain something more than just tangible goals. According to Zhu, Nel & Bhat, Oriental networking, such as Chinese *guanxi* can be explained through the idea of social capital gain, which goes beyond the idea of Western relationship marketing. According to Lin (2001) it is “investment in social relations with expected returns in the marketplace.” (Zhu, Nel & Bhat 2009, 321 – 323.)

In addition, Zhu, Nel & Bhat divide relationship building to two stages: initiation and maintenance. In the initiation stage, the relationship building strategies applied aim at the formation of the relationship. In the maintenance stage, the same strategies apply still, but they are aimed at strengthening the relationship. (Zhu, Nel & Bhat 2009, 325.)

The theory of Zhu, Nel and Bhat will be used in this study to explain the relationship building between Eagle and its Vietnamese customer. The used marketing communication strategies and their objectives will be explained.

*Guanxi vs. relationship marketing by Cheng Lu Wang:*

Cheng Lu Wang has described the factors which differentiate Western and Oriental relationship building. According to him Westerners often mix the Chinese concept of *guanxi*, with its Western equivalent of relationship marketing or business networking. The Western idea is to establish, develop and maintain good customer relationships. However *guanxi* goes beyond this. This makes the direct transfer of Western relationship marketing principles into China and other Asian societies questionable. (Wang 2005, 81 – 85.)

*Guanxi* is a relationship based on mutual interests and benefits. The two parties have reciprocal obligations towards each other. The trust between the parties is more based on one’s ability of return favors than one’s competency as in the Western relationship context. Furthermore, there is a strong emotional element in

the relationship. Business relationship is not seen in instrumental terms as in the West, but as a personal mutual commitment between the parties. The Western relationship is seen to be guided by legality and rules, while *guanxi* is guided by morality and social norms. The concept of face is involved in *guanxi*. The loss of partner's "face" can end *guanxi*. The parties are also expected to "give face" to each other, meaning showing commitment and benevolence towards each other. *Guanxi* is always a special relationship, which is particularistic and personal. The division between those who are "in" and who are "out" is very sharp. When business-to-business relations are concerned, *guanxi* is also more about contacts between the individuals, not among the organizations. (Wang 2005, 81 – 85.)

Wang's theory will be used to explain the specialties of Asian relationship building. *Guanxi* is called *guanxi*-style networking in this study, because Eagle as a foreign firm can be only expected to imitate some of *guanxi* practices. Furthermore, the Vietnamese don't use the concept of *guanxi*, even though the idea is to be found in all societies influenced by Chinese culture.

## 1.7 Key concepts

### *PESTEL environments:*

Marketing environment can be seen on a micro level which consists of the players in the markets such as customers and competitors. It can be seen also on macro level, which can be considered as some kind of framework inside which the activities of micro level happen. Macro level consists of different environments. (Armstrong & Kotler 2007, 91.)

The companies operate inside different environments and there is a constant interaction between the environments and the company itself (Armstrong & Kotler 2003, 123).

These environments can be analyzed through PESTEL-analysis. PESTEL means political, economic, social, technological and legal environments. PESTEL model

helps in categorizing and the factors. However, the factors should be analyzed from the company's point of view: which ones are likely to change and which ones will have the greatest impact on a company. (Gillespie 2007, Part L.)

Political environment refers to the government policies. Government interventions and the services it provides are important to be listed. (Gillespie 2007, Part L.) Also governmental bureaucracy and political stability are factors can be included in political environment (Armstrong & Kotler 2003, 567).

Economic environment consists of factors such as interest rates, taxation changes, economic growth, inflation and exchange rates. Economic changes have impact on firm's behavior. (Gillespie 2007, Part L.) It reflects the country's attractiveness as a market (Armstrong & Kotler 2003, 565).

Social environment (also demographic) consists of factors referring to human populations in size, location, age, gender, occupation and other statistical data relevant for the company. Companies are interested in social environment, since it involves people and people make up markets. (Armstrong & Kotler 2003, 123.) Social environment also affects the available labor pool firm is able to recruit its employees (Gillespie 2007, Part L.).

Technological environment affects the availability of new technological solutions and processes. Technologies can reduce costs, improve quality and lead to innovation. (Gillespie 2007, Part L.) The ongoing research & development projects in the country can be listed too (Armstrong & Kotler 2003, 138).

Environmental (also ecological or natural) involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities. (Armstrong & Kotler 2003, 135.) This environment has grown in importance because of increased environmental awareness. There has been a movement towards more environmentally friendly products and processes, which has affected demand patterns and created new business opportunities. (Gillespie 2007, Part L.)

Legal environment consists of laws implemented in the target country. Legal changes can affect firm's costs and its opportunities to operate in the country. (Gillespie 2007, Part L.)

*Cultural environment:*

Cultural environment is not included in the classical PESTEL-analysis. According to Armstrong and Kotler: "The cultural environment is made up of institutions and other forces that affect a society's basic values, perceptions, preferences and behaviors. People grow up in a particular society that shapes their basic beliefs and values." Culture is the most basic cause of each person's wants and behavior. (Armstrong & Kotler 2007, 86, 129.)

Geert Hofstede calls culture "the software of a mind". Persons of a certain cultural background are "programmed" to react in a certain way. Culture affects all the other constructs and processes in a society. (Hofstede 1994, 4 – 5.)

Culture is a collective phenomenon. It is at least partly shared with people who live in the same social environment. Culture is learned and it is derived from one's social environment. (Hofstede 1994, 5.) When entering a new cultural environment, persons tend to understand the local environment through one's own ethnocentric perspective (Usunier & Lee 2005, 149). This is a challenge for international marketers.

*Marketing communications:*

Marketing communications provides the means which brands and organizations are presented to their audiences. The goal is to stimulate a dialogue that may lead to a purchase decision. Marketing communications can act as a differentiator, especially in markets where there is little to separate competing products and brands. (Fill 2005, 9 – 10.)

Marketing communications is about seller sending the messages and the buyer to receive them. The seller as a sender encodes the messages into a symbolic form and the buyer decodes them according to his understanding. There are always hin-

drances – noise – between the seller and the buyer, which distort the message. (Kitchen 1999, 23.) One hindrance is cultural differences between the seller and the buyer as G. Fisher pointed out calling it cross-cultural noise (Fisher 1980, according to Harris & Moran 1996, 42).

Marketing communications happens – just like any communication – in a context. The context is affected by all factors present: the time, the place and the persons involved. (Harris & Moran 1996, 23 – 24.) All those factors in turn are affected by the cultural factors.

Marketing communications system consists of three different levels of concepts, which are affected by the cultural environment: marketing mix, promotional mix and personal selling. These three levels of marketing communications system are discussed below.

*Marketing mix, Promotional mix & Personal selling:*

McCarthy's marketing mix from the 60s', the 4Ps (the product, the price, the place and the promotion) is a famous model to be used when formulating a marketing programme. When the core idea of marketing communications is concerned, a deeper look on the promotion should be taken. Promotion is responsible for the communication of the marketing offer to the target market. (Fill 2005, 13.)

Promotion itself can be further divided to smaller units. It consists of advertising, sales promotion, direct marketing, public relations (PR) and personal selling. It is a set of tools which can be used to communicate with the target audience. The tools of promotional mix can be used alone or in combination in order to create meaningful exchanges with potential customers. (Kitchen 1999, 13; Fill 2005, 20–24.)

Personal selling is a highly selective form of communication that permits sellers to tailor and adapt persuasive messages to suit the needs of individual buyers. It is adaptable to changing buyer – seller circumstances and develops an interaction between parties. (Kitchen 1999, 29.)

Personal selling is an area, where cultural environment becomes a very important factor. Personal selling requires the sales personnel to understand the countries, organizations and cultures in which they seek to operate. (Fill 2005, 828.)

When the complexity of the offering is high, advertising and public relations can not always convey benefits in the same way as personal selling. It allows the buyer to test and try the product. It also allows explanations to be made about particular points that are concerns of the buyer or about the environment in which the buyer wishes to use the product. (Fill 2005, 767.)

Thomas Powers and Jeffrey Loyka have studied the adaptation factors of marketing mix. When adapting the 4Ps to local circumstances, different factors affect the adaptation process. Promotion is above all influenced by market factors. When planning the adaptation of promotion to the local circumstances, the market factors should be studied. (Powers & Loyka 2010.) In this thesis one tool of the promotion package – personal selling – is adapted to the Vietnamese market. This adaptation is done by studying market factors in Vietnam; concentrating on cultural environment.

*B-to-B marketing:*

Business-to-business marketing is normally associated with relationship marketing. Relationship marketing aims at building a long-term commitment to a relationship with the buyer. Recently it has been understood that the formal bond between the seller and the buyer must be also supplemented with emotional elements like any relationship between the humans. (Kitchen 1999, 405 – 406.)

In B-to-B (business-to-business) marketing the reception of the message is formal. Personal selling dominates and it is the main area, where the company is able to differentiate itself from the competitors. (Fill 2005, 30.)

In B-to-B marketing there are far fewer buyers, orders are larger and the frequency with which they are placed is much lower. The information needed is normally

detailed and is personally presented in a rational and logical style. (Fill 2005, 166.) This indicates the personal selling situation and the abilities of the seller to communicate with the buyer in a successful way.

The special characteristic of the product – wind turbine – adds one element more to the marketing strategy. Wind turbines can be considered industrial products in the target country Vietnam. This is due to the fact that target customers are the local communities, which will use the turbine to generate electricity for the local residents. Wind turbine contains also high technology and its structure is rather complex. This means that further support in the form of after-sales services and training are to be provided. This indicates B-to-B marketing with strong seller commitment.

Personal selling is needed when there is any complexity in the nature of the purchase. The complexity has to be understood by both the buyer and the seller. This may mean that the buyer is required to customize the offering or provide assistance in terms of testing, installing or supporting the product. (Fill 2005, 767.) This is evident when a B-to-B purchase occurs. Especially it is so if there is a larger investment involved and the item contains complex high technology as the case is with a wind turbine.

Since the purchases normally involve large sums of money, many economical and technical considerations are needed in the buying organization. Because the purchases are more complex, business buyers may take longer to make the decisions. The business buying process is also more formalized. The buyer and the seller are often much more dependent on each other. B-to-B marketers work closely with their customers during all stages of buying process. They often customize their offerings according to the customer's needs. (Armstrong & Kotler 2007, 150.)

Thus, the very nature of B-to-B selling points to the importance of personal communication between the seller and the buyer. Respectively, personal selling interaction requires the seller to communicate effectively with the buyer. This fact in-

icates the importance of taking the buyer's cultural background into consideration.

The very first purchase is the most challenging one. A company buying a product or service for the first time faces a new task situation. In such cases the greater the cost or risk, the larger the number of decision participants and the greater their efforts to collect information will be. The new task situation is the marketer's greatest opportunity and challenge. (Armstrong & Kotler 2007, 151.)

Buying in general is a process which normally follows certain steps. It is of the seller's skills and effort how well he can take every step to his advantage. Chris Fill has presented a model of five step B-to-B buying process (Fill 2005, 171 – 172 ) and a Finn Timo Rope a six step one (Rope 1995, 19). The most detailed one is anyhow presented by Armstrong and Kotler after the original idea by Robinson, Faris and Wind: This process has eight steps:

*Problem recognition: There is a problem or a need that can be met by acquiring certain product or service. The trigger can be internal or external. Internally, the company may decide to launch a new product that requires new equipment. Externally the buyer may get some new ideas at a trade show. In advertising business marketers alert customers to potential problems and show them how their products provide solutions.*

*General need description: Having recognized need the buyer will describe the characteristics and the quantity of the needed item. In this stage a business marketer can help the buyer to define his needs and provide information about the value of different product characteristics.*

*Product specification: In this stage the buyer conducts a value analysis. Value analysis is an approach to cost reduction in which components are studied carefully to determine if they can be made less costly. Sellers can also use value analysis as a tool to help to secure a new order. By showing the buyer a better and less costly way to make an object, the seller can ensure reorders in the future.*

*Supplier search: The buyer conducts it to find the best sellers. Today more and more companies are turning to the internet for finding suppliers. The newer the buying task and the more com-*

*plex and costly the item, the greater the amount of time the buyer will spend on searching suppliers.*

*Proposal solicitation: The buyer invites qualified suppliers to submit proposals. In response some suppliers will send only a catalog or salesperson. However, when item is complex or expensive, the buyer will usually require detailed written proposals or formal presentations from each potential supplier. Business marketers must be skilled in researching, writing and presenting the proposals. Proposals should be marketing documents, not just technical. Presentations should inspire confidence and should make the marketer's company to stand out from the competition.*

*Supplier selection: The buyer selects the supplier. The buyer draws up a list of desired supplier attributes and their importance (e.g. competitive prices, honest communication, repair and servicing capabilities).*

*Order-routine specification: Final order is done for the chosen supplier and a list of items such as technical specifications, quantity, expected time of delivery and warranties is sent for the seller.*

*Performance review: The buyer might contact users and ask them to rate their satisfaction. (Armstrong & Kotler 2007, 157.)*

Armstrong and Kotler present their model in a book which is a principal work of marketing. The eight-step-business buying process is simple, but a useful theoretical tool. The model can be used as a foundation when generating ideas for culturally-aware marketing communications approach. The ideas will take into consideration the specific characteristics of Vietnamese culture with its different meanings compared to the Western cultural background of Eagle Windpower Ltd. The specialties of the company, the product and the target country will be combined with the theories and ideas for Eagle Windpower Ltd. possibly entering Vietnam will be generated.

### 1.8 Theoretical framework model

Figure 1 shows the theoretical framework and relationships between the key concepts. Eagle uses certain marketing communications approach towards its customer, the Vietnamese community, and the customer responds to it. In the core of this activity is personal selling, which is part of promotional mix. Promotional mix is respectively part of marketing mix, the 4Ps. PESTEL-environments and especially, cultural environment as a focus of this study affects the realization of all marketing communications tools. Finally, the outcome of the activity taking place between Eagle and its Vietnamese customer is a business-to-business marketing interaction.

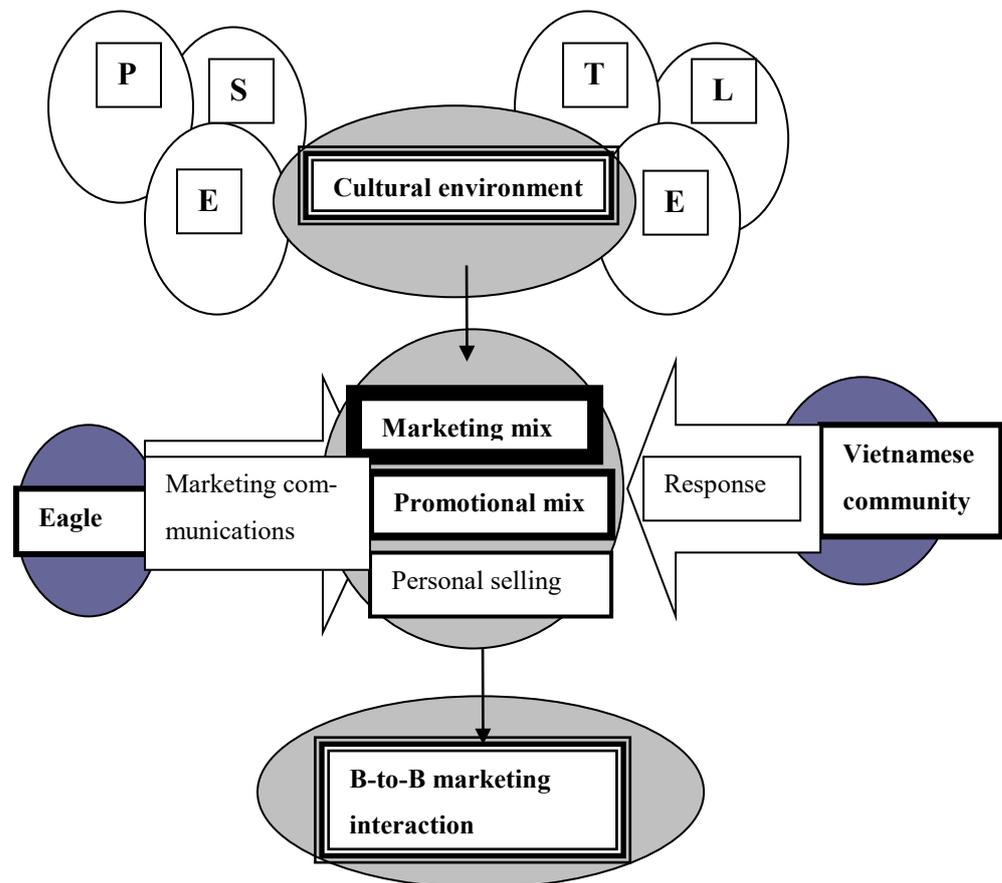


FIGURE 1, Theoretical framework model

## 2 RESEARCH METHODS

### 2.1 Data collection methods

First, the existing literature was reviewed, including academic research and all the available materials related to the topic of the study. The idea was to get a complete view of the marketing context, including the product itself, its application in target country, the macroenvironments of the target market and the existing research on the topic.

At the beginning of the research process some minor data collection took place in the case company Eagle too. Theme interviews of the management clarified the aims of the company itself. The interviews served as a foundation for this study. A research project done by the students of International Entrepreneurship project in Lappeenranta University of Technology (2009) with its findings was used as a starting point for the research. The findings provided several reasons for this study.

A field study was conducted in Vietnam. The researcher participated a course in Haiphong University and Hanoi University of Technology, which provided her with a general view of the country. During the field study three different types of interviews and observations took place.

According to Sheila Keegan there has been a trend away from interviewing as almost a sole methodology. Interviews can be combined with observations, ethnographic approach, cultural analysis and semiotics. Semiotics starts with exploring the cultural context. When semiotics is used in market research, the consumers are viewed as a product of their culture. In order to understand the consumer, the researcher must understand the cultural context. (Keegan 2009, 73, 98.)

Consumers can be superseded with customers, since this research discusses about B-to-B marketing. Keegan points out that the same methodologies apply whether

the research handles business-to-customer marketing or business-to-business marketing (Keegan 2009, 6).

Interviewing is also about observing the interviewee. All interviews involve an element of ethnography. It means observing people's behavior; how they express themselves and how they respond in particular situation. Also the language the interviewee uses is under scientific scrutiny. According to Keegan the language with its meanings lies in the heart of qualitative research. (Keegan 2009, 102, 116.)

### 2.1.1 Interviews

#### *Interviews 1, questionnaires:*

The students in two academic institutions filled in a multiple choice questionnaire form (see appendix 2). The selection criteria for the student sample was stratified purposeful. Two groups had different levels of education and experience. In the case of differences between the two group's answers, they could be explained through the difference in their background. This helped in forming the general view of the students' values, appreciations, attitudes and ideas. The both groups were also selected because of their educational orientation, relating to business and technology.

Group One consisted of young students studying a basic degree in Haiphong Maritime University. The group's knowledge on the topic was rather limited and the language skills of the group were not very good. There were around 40 students in the class and the students, who mastered English best, were chosen as respondents. It was essential that the respondents understood the questions properly.

Group Two consisted of elder students studying MBA degree in a prestigious academic institution, Asian Institute of Technology. Many of these students already worked as experts or secretaries for the management in the major Vietnamese

state-owned companies, such as Electricity of Vietnam (EVN) or Petrovietnam Power Corporation.

The idea was to make the questionnaire as simple as possible, because of the limited language skills of the respondents. Especially the first respondent group, the students of Haiphong Maritime University, had very limited skills in English. The students who mastered the language best were chosen to fill in the form. The second group, the MBA students in Asian Institute of Technology, did not have language limitations. This group was older and their educational level was higher.

The first four questions in the questionnaire form were aimed at finding out the general views of the respondents concerning wind energy as energy source, the values attached to the selection of the energy source and the attitudes towards the development of Vietnam. The last two questions aimed at finding out the attitudes towards marketing in general.

The first question inquired about the general idea of wind energy among the respondents. The second question inquired about the characteristics the respondents considered important when wind energy is concerned. In the third question, the students were asked, which country of origin for a product they prefer. In the fourth question the groups were asked about their preferences on the development of their country.

Question five and six were the most directly connected to the core of this research. They inquired about the marketing strategies most preferred among the respondents. Question five inquired the preferences on the characteristics of a product among the respondents. Question six inquired about the preferences on the usage of promotional mix.

*Interviews 2, open ended questions:*

Mr. Khai, an assistant for the management in EVN and Ms. Thao, Business Development Manager for RCEE Energy and Environment Joint Stock Company were asked open ended questions (see appendix 3). These two persons could be

considered as experts in their own field and they had a prestigious position in the society. Due to this fact it was important to get deeper into their attitudes, ideas and knowledge. Open ended questions served this purpose best.

These interviews were more detailed than multiple-choice questionnaires and took more time. The questions asked aimed at getting deeper than with just multiple-choice questionnaire. Free flow of discussion was allowed during the interview. The questions served basically just as a trigger for the interviewee to express his/her ideas.

The content of the questions asked was partly the same with the multiple-choices in the questionnaire form. Questions inquiring about considerations on quality, pricing and maintenance issues were added to find out the opinions of the experts. There was also one question added, which asked the ideas Mr. Khai and Ms. Thao had about the opinions of the countryside residents – the persons affected by the application of a new energy source.

It is also noticeable that the two interviewees represented two very different business sectors in Vietnam. Mr. Khai represented the state sector giant EVN and Ms. Thao the growing private sector and a very novel business field in Vietnam, environmental consultancy.

*Interviews 3, simple questions:*

Local business persons were interviewed on questions concerning small wind energy, the possibilities for its usage in Vietnam from their point of view and the general development of Vietnam.

This type of interviews was very simple. Only few questions were asked and answered briefly. These questions were asked from Mr. Tho, CEO of Century Company Limited and Mr. Thuan, CEO of Anprotex Ltd. The first company was a manufacturer of motorboats and the second one operated on textile industry. The interviews were carried as a part of company visits. The time for each question

was very limited. A translator had to be used, since both of the CEOs did not speak English.

In this case, there were no questions formulated beforehand. The questions asked lived according to the context.

### 2.1.2 Observations

The interviews were completed with observations. The researcher observed the Vietnamese persons in public and official contexts. The observations were not directly connected to the topic of the study, but they revealed some behavioral patterns and communicational strategies of the Vietnamese. These patterns affect the cultural context of interaction between Eagle and its Vietnamese customer.

Observations were made during the researcher's 3 month stay in Vietnam. This involved an ethnographic element. In practice this meant that the researcher followed the practices and behavior of the observees in their every-day life. The researcher participated lectures in Haiphong University and Hanoi University of Technology (HUT) and met teachers and students there. Co-operation with the local teachers in carrying out the interviews provided also a good opportunity for the researcher to make valuable observations. Furthermore, in Hanoi the researcher started the build up of a network of local partners and prospect customers for Eagle Windpower. This process also provided a chance to make some further observations.

The persons who provided information are handled anonymous, because of the sensitivities of the topics and personal trust between the observer and the observees.

## 2.2 Data analysis methods

After the field study, the data collected was analyzed and a study based on it was constructed. Recontextualization by Brannen, the semantics of relationship building by Zhu, Nel & Bhat and the ideas on *guanxi* by Wang were used to make an analysis on the cultural environment of Vietnam and how it affects Eagle's marketing communications. Hofstede's and Hall's ideas on cultural and communicational dimensions were also used in explaining some cultural patterns. According to the findings, a list of ideas on culturally-aware marketing communications for the case company was generated according to the eight step B-to-B buying process. Cultural awareness and the local circumstances are in the core of the ideas. Finally, Eagle's marketing communications happening in Vietnamese cultural context is explained by using the selected theories.

This thesis is a specialized market research. It aims at generating some ideas for the case company to use in its marketing planning. As Sheila Keegan has mentioned, this kind of research is often close to consultancy. According to Keegan, the techniques of market research are very flexible. Market research does not always mean classical methods, such as positioning the product, competitor SWOT or target country PESTEL. Especially when conducting a market research on B-to-B marketing, it means understanding the attitudes, needs, protocols and procedures of the customer companies (or organizations). (Keegan 2009, 3 – 6.)

All types of market research can be often classified as commercial qualitative research. It means that a client company submits a task for a researcher to find a solution in some specific problem. Commercial qualitative research is very different to academic one. In commercial one the main aim is to find a solution instead of just acquiring knowledge on the issue. Emphasis is on the end benefit and the research is judged by usefulness. (Keegan 2009, 19 – 20.)

Keegan recommends conducting a qualitative research when the aim of the research is:

- Understanding a specific market, brand or social issue

- Exploring global/cultural issues
- Developing a communications campaign

(Keegan 2009, 37.)

This study contains the above mentioned elements. It aims at understanding the cultural environment of Vietnamese target market. Based on the findings ideas on marketing communications for Eagle will be generated. Furthermore, a general theoretical understanding on the marketing communications happening in a context, culturally distant from the company's, will be formed.

This study is a qualitative one, but it contains a small quantitative element. The answers of the Vietnamese students are tabulated by using Excel and the percentage share of each answer is calculated. However, the conclusions on this part of the analysis are used in a qualitative way to interpret the values and appreciations of the students.

According to Keegan qualitative and quantitative techniques can be mixed. Especially when the nature of the research is a complex one, mixed or hybrid methodologies that include both qualitative and quantitative elements are common. (Keegan 2009, 14 – 15.)

Qualitative research is not easy to define. It explores questions such as what, why and how, rather than how many or how much. Qualitative research is mainly concerned with meanings. Understanding why individuals and groups think and behave as they do lies at the heart of qualitative research. (Keegan 2009, 11.)

Qualitative research usually involves samples of people. The aim is to understand people holistically. The aim is to get inside a person's mind and find out what they think and feel. Qualitative research involves a high level of interpretation and synthesis of data by the researcher during the research process. (Keegan 2009, 12 – 13.)

Cultural elements can be analyzed by interpreting them. Exact answers can not be given. According to interpretist philosophy all knowledge is provisional and relative. Wendy Gordon (1999) has stated that what people say may or may not be what they really think, do or mean. (Keegan 2009, 22, 25.) This is especially so in a cultural environment distant from the researcher's own. The only way to analyze the data is to interpret it by logical reasoning.

### 3 FACTORS AFFECTING MARKETING OF SMALL WIND ENERGY TECHNOLOGIES IN VIETNAM

#### 3.1 Small wind energy and its application in Vietnam

In order to get an understanding on the special characteristics of wind energy, wind energy technologies and their application in Vietnam, texts discussing this topic are included in the literature review.

Wind energy has several advantages according to Juha Järveläinen. The most important economic benefit of wind energy is its predictability. Once a plant has been constructed and the capital invested, the price of the generated electricity is stable and known. This means also that the national economies can be planned without political, economic, environmental and security related uncertainties associated with oil and gas. (Järveläinen 2007, 42 – 43.)

Second, wind energy presents a very low financial risk compared to other forms of power generation. The fact that wind power plants consist of several individual turbines means that any mechanical failure will have relatively little effect. (Järveläinen 2007, 42 – 43.)

Third, turbines are also remarkably long-lived and require relatively little maintenance. Normal wind turbine has a lifetime of about 20 years and it needs maintenance visits only once or twice a year. (Järveläinen 2007, 42 – 43.)

Cilla Bhoose discusses the global wind energy market in her article in *Kauppalehti*, a leading Finnish business newspaper. According to Bhoose, in the year 2008 the increase of the global wind power market was 30%. BTM Consult APS had calculated that the increase of wind energy market would have been 25% annually during the coming five years. The size of the global wind energy market was estimated to be 100-200 MEUR in the year 2020. This means the increase of four to eight

times from the year 2008. It seems that the global wind energy market was about to expand remarkably. (Bhose 2008, 42.)

Especially in China the increase had been remarkable and it was estimated to increase massively. The same applied with India. The biggest financial houses in the US: Morgan Stanley, Citigroup and JPMorgan had invested to green energy 7-8 billion USD each. New Energy Finance Research Company had calculated that the total value of green technology investments was 150 billion USD in the year 2008. (Bhose 2008, 42.)

The Global Wind Energy Council (GWEC) predicted that the global market for wind turbines will grow by over 155 per cent from 94 GW (gigawatts) in 2007 to reach 240.3 GW of total installed capacity by 2012. In particular, the US and Chinese markets are expected to expand dramatically. Depending on the increase in demand, wind power could cover 11.5 to 12.7 per cent of global electricity consumption in 2020, according to GWEC, and as much as 20.2 to 24.9 per cent – in other words between a fifth and a quarter of the world's electricity needs – in 2030. (Wind Energy the Facts 2009, 32.)

According to a publication by European Wind Energy Association, small wind turbines are solutions with much more variety than large ones. Small wind turbines are especially feasible when generating electricity for isolated homes, boats and communication facilities. There is also market for “micro-generation” in urban areas. (Wind Energy the Facts 2009, 11.)

A critical point is the accurate prediction for wind conditions in the location the turbine is placed. The application of wind turbines requires infrastructure investments and skills to implement the new technology and grid management concepts. (Wind Energy the Facts 2009, 12 – 13.) This means that there is a need for three operations; conducting a feasibility study, arranging sufficient funding and training the locals to use the system.

Wind energy in general, and small wind energy is not unknown topic in Vietnam. This is proven by studies produced by Nguyen Khanh Q. He is a Vietnamese researcher, who has produced several studies on wind energy and its application in Vietnam. He has published his articles in international scientific journals. According to Nguyen wind energy is not competitive with fossil-based power plants on economical grounds. In order to make wind energy competitive, the advantage of wind energy as clean energy should be taken care of. These could be achieved through imposing a carbon tax or an emission reduction target on the system. (Nguyen K.Q. 2007b, 2305 – 2312.)

However, when comparing wind energy to other alternative energies, the situation seems to be preferable for wind energy. Of several alternative renewable energies, wind is one of the most important and the most technically feasible. It has a competitive production cost, ranging from 4 to 8 US cents/kWh (kilowatts-hour) in comparison to 50–100 US cents/kWh for solar panels. Furthermore wind energy production saves land, since the land area around the wind turbine is still available for cultivation. Wind energy creates also jobs in the maintenance and installation activities. (Nguyen K. Q. 2007b, 2305 – 2312.)

Vietnam has a good potential for wind energy. About 31,000 km<sup>2</sup> of land area is available for wind development. Thus, Vietnam is in a good position to develop this resource for the benefits of economic growth, energy security, and local environment protection. (Nguyen K. Q. 2007c, 2579 – 2589.)

In his research Nguyen concentrates on small wind energy. He finds out in his research that it is a feasible solution in the rural villages and remote areas of Vietnam. The conclusion is based on cost calculations. Nguyen finds out that wind energy is even more cost effective energy source than solar energy. He also points out that energy plays important role in the socio-economic development of a country. This is especially important in Vietnam, where around 70% of the population lives at countryside and has often insufficient access to energy sources. In the year 2005 95% of the communes had access to electricity, but still 2 million households did not have access to electricity. For those households Nguyen recom-

mends small wind energy. This is due to the fact that those wind turbines could be located closer to the demands, so distribution and transmission cost and consequently energy and capacity loss would be reduced. In scarcely populated areas renewable energy solutions in general are the least-cost options. (Nguyen K.Q. 2007c, 2579 – 2589.)

According to Nguyen wind turbines should be locally made. This would be the most cost-effective solution. In the given case, the wind turbine could produce electricity at as low as 10,100 VND/kWh (kilowatt-hour). (Nguyen K.Q. 2007c, 2579 – 2589.)

However, there are some hindrances when applying small wind energy in Vietnam's countryside. First, there is the high initial investment cost which low-income rural household cannot readily afford. Second, there might be the people's expectation that grid will arrive in the future and no wind turbines are needed. Nguyen points out that in order to overcome these barriers and to take advantages of benefits that these renewable energy technologies would bring about, governmental intervention is needed. (Nguyen K.Q. 2007c, 2579 – 2589.)

Nguyen leaves the responsibility of small wind energy application totally for the government. According to him, the government should first set a target and timetables for the application. The government should clearly point out rural communities the infeasibility of grid-service to distance areas. Such communication could speed market penetration of renewable energy systems, which might otherwise face resistance as remote communities continue to expect grid connection in the near future. A special agency taking care of the application of small wind energy should be established. Furthermore, a feed-in tariff for wind energy should be set and investment incentives should be provided for its application. (Nguyen K.Q. 2007a, 1405 – 1413; 2007c, 2579 – 2589.)

Vietnam is not an exception when the government's role is concerned. Government support is needed everywhere. According to Martin Wenzel, senior vice president of sales and marketing of Miasole Ltd. a California-based solar energy

company, renewable energies tend to prosper in markets where the government provides strong support. A good example of this is China, which is one of the leading countries in wind energy installations. (Spencer 2007, A9.)

### 3.2 Vietnam PESTEL-environments

In order to get a complete view of the marketing context, the environments of the macro level are analyzed here. The environments are divided according to the PESTEL-analysis and they are presented in the same order. The stress is on qualitative information, less on numerical and statistical data.

#### *Political environment:*

Vietnam is a socialist country ruled by one party, the Communist Party of Vietnam. The Central Government of Vietnam is supported by 61 provincial authorities. Each province is divided into districts, communities, villages and hamlets. According to lecturer Mr. Nguyen Ngoc Dien of Hanoi University of Technology, there is somewhat complexity with the economical and political decision-making in Vietnam. (Nguyen N. D. 2009.)

Lecturer Nguyen has stated that corruption of the officials is a problem in Vietnam (Nguyen N. D. 2009.) This fact is confirmed by a Corruption Perceptions Index of 2009 by Transparency International. Vietnam is 120<sup>th</sup> among 180 countries listed. Vietnam scores lower than India (84<sup>th</sup>) and China (79<sup>th</sup>) which are known to have serious problems with corruption. (Transparency International CPI 2009.)

According to Matti Remes the concept of a bribe is in many Asian societies not as clear as in the West. It is common that important persons in prestigious positions get their share of a business deal. In Asian thinking, all acts contain an element of barter trading. When you give something, you will also gain something. (Remes 1997, 69.)

The political environment affects the employment policies of local companies. Often the persons are selected because of their personal relations to prestigious persons, not so much because of their skills. Often the manager might have been nominated to his position because of his political merits. (Remes 1997, 41, 70.)

The political environment affects the popularity of jobs too. According to lecturer Mr. Cuong Duong Manh of Hanoi University of Technology, the most popular jobs in the northern part of the country are in the government while in the south the most popular jobs are in private sector. Hanoi in the northern part of the country is the capital and all the most important governmental bodies are located there. (Cuong 2009.)

Political environment affects solving the labor disputes, which are obviously on the rise. There is a lack of labor union presence. (Cuong 2009.)

Land belongs to the state. Individuals cannot do business with land. There is a concept called "land-use right". Value of the land is based on clearance expense and infrastructure on the land (buildings). (Huong, T. 2009.) This fact can be derived from the political system in Vietnam and the ideology it has followed. In all socialist countries the land has legally belonged to the state.

Government authorities are often not very efficient workers. Working culture generally in public sector has been inefficient. The officials and clerks arrive at their offices and spend their day by chatting, watching TV, drinking tea and eating. (Cuong 2009.)

In many Asian societies including Vietnam, it has been difficult to create a well-functioning tax-collection system. Because the society has limited resources to collect taxes, it must take its income from consumption, especially from trading. Trading and import are the areas which can be supervised easily. That is why the customs tariffs and value added taxation is often high. (Remes 1997, 77.)

According to lecturer Nguyen the tax system has improved. It has become simpler and more easily implemented. The company taxation for domestic and foreign companies is unified. Before May 2003 the taxation was higher for domestic companies than it was for foreign companies. At the moment the tax rate is 28%. Foreign companies are freed from requirement to pay VAT with respect to raw materials and materials imported for the production of export goods. (Nguyen N. D. 2009.)

There are three different categories of indirect taxes in the country: VAT, special consumption tax and export/import taxes. These taxes affect the most foreign operators. There are all together 11 tax rates of VAT ranging from 0.5% to 30% (standard rate for the Vietnamese consumers 10%). Special consumption tax is applied to specific goods such as tobacco and alcohol. Export/import taxes are applied when goods are moving in or out the country. Furthermore, taxes applied on companies include the following taxes: registration tax, enterprise tax (already mentioned), goods tax and profit tax. (Watanabe & Duong 2005.)

Satoshi Watanabe and Duong Thi Ninh conducted their research in 2005 before Vietnam joined WTO. In order to be prepared for the membership the authors suggested Vietnam to reform its tax system more. The system was still rather complicated. For VAT there were several exemptions. Watanabe and Duong suggested more effective co-operation between tax and customs authorities. In export/import taxation more detailed regulations on the rights and responsibilities of government agencies and individuals were needed. (Watanabe & Duong 2005.)

Lecturer Nguyen has pointed out that though the recent trend has been preferable policies toward private entrepreneurship, the Vietnamese small entrepreneurs often face intervention and even harassment from the local authorities. There is ambivalence between market economy and socialist principles. (Nguyen N. D. 2009.)

In World Bank's Doing Business Ranks Vietnam does not score very well. In registering properties Vietnam scores best (38.) and in protecting the investors the worst (165.) (World Bank 2008, according to Nguyen N. D. 2009.)

Vietnam had access to WTO in 2006. WTO agreement tied Vietnam to various trade agreements. Vietnam's trade, investment and industrial policy are now greatly restricted by bound agreements. (Huong T. 2009.)

As a conclusion, it can be stated that the bureaucratic centralized decision making affects companies when they enter Vietnam. Until recently, the government has been ideologically hostile towards private entrepreneurship and global capitalism. There is still some ambivalence in policies towards businesses. Corruption is a serious problem in the country. However, changing policies towards private entrepreneurship, improved tax system and WTO membership are modifying the political environment in the country.

*Economic environment:*

Basic information about Vietnamese economy can be found from the official government's web-site. The web-site has contained the following numbers:

- *Real GDP growth 2008 6.23% (GDP 84.98 billion USD)*
- *Per capita income 1024 billion USD*
- *GDP share of sectors*
  - *agriculture 21.99%*
  - *industry 39.91%*
  - *services 38.1%*
- *Inflation rate 2008 22.93%*
- *Exports 2008 62.9 billion USD*
- *Imports 2008 80.4 billion USD*
- *Deficit 17.5 billion USD*
- *Main Exports*
  - *Crude oil*
  - *Garments*
  - *Other agricultural commodities*
- *Main Imports*
  - *Machinery & Equipment*
  - *Petroleum products*
  - *Iron and steel*

The information was published in March 2009. According to lecturer Cuong, who has analyzed the numbers in his lecture, the most striking number is inflation rate.

Inflation rate is really high. For the year 2009 inflation rate was expected to drop and GNP growth to slow down. (Cuong 2009.) From Eagle Windpower's point of view it is interesting that the category "machinery & equipments" took the largest share of imports. This is the category in which Eagle's wind turbines can be classified.

The recent years in Vietnamese economic environment have been characterized by strong governmental interventions. Vietnamese economy has grown rapidly, but the strong growth has also caused inflation. In order to avoid further problems, those interventions are needed. On the other hand, socialist government has enhanced privatization of the economy. Furthermore, it has become easier for the foreign companies to invest in Vietnam. As the economy has opened up, Vietnam is likely to become an even more attractive target country for foreign direct investment.

The basic information on issues concerning growth and inflation can be found in a country report, done by the Economist Intelligence Unit. The report is from the year 2008 and at the time of research process it was still relevant. According to the report, the Vietnamese government was facing challenging policy issues such as to control inflation and to reduce the current-account deficit to more sustainable levels. In order to avoid problems caused by the inflation, the government had tightened monetary policy and continued to cut back on public investment to slow growth in imports and domestic demand. These control measures had slowed down the growth of GNP. The State Bank of Vietnam (SBV, the Central Bank) had allowed the Vietnamese currency Dong to weaken in the face of strong downward pressure in the market. (Country Report 2008, 3.)

According to the report the consumption growth was about to slow in 2008, as credit growth was restrained and household incomes and real wages were eroded by rapid inflation. Tighter credit conditions and the stock market slump had also a negative impact on investment growth. However, foreign investors were still confident about Vietnam's long-term prospects, and FDI remained high. Growth in

exports of goods and services remained impressive, despite the forecast for slower world trade growth. (Country Report 2008, 5.)

The report stated that economic growth (GDP growth 6.5% in the year 2008, expected to slow down slightly) continued to be driven by the industrial sector, which was likely to expand by about 7.5% a year. This strong growth was the result of the continued deepening of the industrial base. The textile and garment sector had benefited from the increasingly liberalized global trading environment for this category of products. GDP expansion was also to be enhanced in 2008 – 09 by strong growth in services, especially in tourism related and financial services. (Country Report 2008, 6.)

Consumer price inflation had been high in Vietnam. In July – August 2008 the inflation had been between 27 and 28%. The government's expansionary fiscal policy stance, combined with the State Bank of Vietnam's failure to stop the credit growth in the first half of the year, had enhanced demand-driven upward pressure on the general price level. (Country Report 2008, 6.)

The report was optimistic about the potential of Vietnam as a target country for foreign investors. According to it, despite the high inflation, rising labor costs, infrastructure bottlenecks and short-term macroeconomic uncertainty, foreign direct investment was flowing into Vietnam in record amounts. In the first eight months of the year total FDI commitments came to USD 47 billion, more than double the level for the whole of 2007 (USD 21 billion) Majority of the investment was directed to so-called "mega-projects" involving large sums of money (at least USD 1 billion). (Country Report 2008, 13.)

According to lecturer Nguyen the foreign investors have mainly invested in oil exploration, electronic, automobile and motorbike, mechanical and garment and textile industry. FDI has contributed about 17.96% GDP. In the year 2007 FDI contributed 24.3% of total investment in Vietnam. This means that the role of foreign investments in the development of Vietnam is noticeable. (Nguyen N. D. 2009.)

Lecturer Mr. Huong Thanh of Hanoi University of Technology has quoted the data by Asian Development Bank. The data shows how the Vietnamese economy is expected to grow. The nominal GDP is expected to grow from 78.02 USD billion (2008) to 186.16 USD billion (2013). The GDP per capita is expected to grow from 883 USD (2008) to 1976 USD (2013). The figures seem optimistic and the Vietnamese themselves are confident on their economy's ability to modernize. (Huong, T. 2009.)

The economic development of Vietnam has been uneven. Vietnam is clearly divided to three economical areas. The most developed one is the South. The North is important because the capital Hanoi is located there. Between the North and the South is the central part of the country, which has been neglected. (Remes 1997, 188.)

There are big regional differences both in income and consumption expenditure. In the year 2006 the urban income and consumption were double compared to rural consumption. In the South income and consumption expenditure were more than double compared to the central parts of the country. (Household Living Standard Survey 2006, sections 5 & 6.)

Unemployment is not a noticeable problem in Vietnam. The official rate has varied between 2.5% and 5.0%, though the real rate is higher (Cuong 2009).

According to the lecturer Ms. Vu Thi Phuong Thao of Hanoi University of Technology, certain industrial sectors are preferred in Vietnam. These include e.g. production of new energy and manufacture of high-tech products. The regions entitled with incentives are regions with difficult socio-economic conditions. These incentives mean reduced corporate income taxes for the foreign firms. (Vu 2009.) From Eagle's point of view this fact is interesting. The poor countryside communities with insufficient access to electricity face preferable policies once they decide acquire sustainable energy solutions. Furthermore, if Eagle decides to start up

an assembly unit of its wind turbines in Vietnam, it faces rather investment friendly environment.

Government has put a strong emphasis on developmental issues. During 2006 – 2010 there have been all together 161 different national developmental projects. Vietnamese government formulated a list of those projects. The listed ones were mainly in the Northern and Central part of the country. The nature of these projects was very diverse. The projects aimed at building industrial plants, harbors, industrial zones, tourist resorts and hospitals. Foreign investors were welcomed to direct their investments to these projects. The aim of these projects was the overall development of the country. (List of National Projects 2006.)

In the year 2007 Vietnamese government decided to increase electricity production capacity more than four times higher than it was in the year 2006. The main investor in electricity sector was EVN (Electricity of Vietnam). EVN is a state-owned giant and it has a monopoly for distributing the electricity in the country. According to the plan the demand for electricity grows all the time. The output capacity had to be raised 10 times in 2006 – 2016. There were projects to increase electricity generation all over the country: e.g. Lao Cai, Da Lat, Hai Phong, Nha Trang, Hue, Hoi An etc. There were also joint projects in Laos and Cambodia between Vietnamese and local operators. (List of Power Plants, 2007.) This piece of information is important for Eagle Windpower, since it shows the increasing overall demand for electricity in Vietnam. It also shows the priority the government gives to a sufficient electricity production.

The private sector is rapidly expanding in Vietnam. There is a movement away from a planned socialist economy. Part of this development is also so-called “equitization” of Vietnamese state-owned firms. It is a form of privatization, with government still holding the decisive role. (Vu 2009.) At the moment majority of the private enterprises are small or medium-sized. This category accounts 86% of all type of business (Nguyen N. D. 2009).

Vietnam is a member of ASEAN, which means that majority of its trade, is done with ASEAN member countries. From outsiders the customs barriers are high. Vietnam aims at becoming an exporter of high-tech products (45% of its export). This means that it aims at changing its export structure of a traditional developing country, where the primary production takes a large share of the pie. (Vu 2009.) When talking about Vietnam as foreign importer's point of view, Vietnam seems to have disadvantages concerning the customs formalities. The procedures vary and they are complicated. What happens in the customs is often unpredictable and depends on the customs officials. (Vu 2009.) From Eagle's point of view this means, that if the company wants to penetrate into Vietnamese markets and plans a long time commitment in the country, it is required to establish an assembly plant in the country or at least inside ASEAN.

It is worth of noting that the largest owner of enterprises is the state. Still 36% of the firms are owned by the state, this compared to the private-owned enterprises 29%. (Huong T. 2009.)

Eagle is interested in the energy sector in Vietnam. Mr. Huong has provided also information on this sector. Vietnam Electricity is a state-owned company and it has a monopoly. It is responsible for distributing electricity. All electricity-producing companies have to sell to Vietnam Electricity. There have been complaints that the price of electricity is too high. In the future there are hopes that the electricity market will be more competitive. (Huong T. 2009.)

As a conclusion it can be stated that the government has a strong role in the economic development of the country. It has tried to control the inflation, which has not been very successful. This has led to constant rises in prices. On the other hand, the government has adopted preferable policies towards foreign direct investment. Several developmental projects create market opportunities for energy solutions.

*Social environment:*

When hiring local employees the local employment costs require some attention. Lecturer Vu quoted a survey done in March 2007. The average salary of a worker is from 87 to 216 USD, Hanoi being cheaper than Ho Chi Minh City. The salary of an engineer varies between 243 and 453. Compared to China (Shanghai) the salaries in Vietnam are lower. (Vu 2009.)

Lecturer Cuong has pointed out that fast growing supply of labor outnumbers less developed demand in Vietnam. There are a limited number of jobs created still in the country. The problems of Vietnamese labor market are: serious and increasing unemployment, low productivity and low wages. Maybe the most important problem is anyhow the fact that the supply of the labor force does not match the demand in quality. The expertise of laborers is still inadequate and there is a shortage of skilled labor force. Trained laborers concentrate in big urban areas, while in rural areas skilled laborers only occupy 13% vs. 45% in urban areas. 60% of the labor force works in agriculture, which is the most backward sector in the country. Labor policies are not effective and well enforced. (Cuong 2009.) This problem was also stated by a research done in Vietnam and quoted by a local bulletin VNECONOMY on 1<sup>st</sup> of August 2007 (Cuong's handout 2009). Thus, foreign companies trying to recruit skilled laborers might face a limited supply.

University education has been prioritized by the government. The distribution between university and vocational school graduates is 1/1 while it is 1/4 in Malaysia. This means that too many students graduate from universities compared to those who graduate from vocational schools. (Cuong 2009.) This means that there is often a shortage of skilled hands in the country. Eagle faces the shortage of skilled staff for installation and maintenance activities.

Poverty is still a striking problem in the country. According to World Bank, in July 2009 20% of the total population of 86.2% were under poverty line (World Bank 2009, according to Cuong 2009). The poorest part of the country was North-West, where 39.4% of households were under poverty line in the year 2006. (Household Living standard Survey 2006, section 9.)

As a conclusion it can be claimed that Eagle will face shortages of skilled labor force when it tries to recruit locals to take care of installation and maintenance of the wind turbines. Poverty is a problem, but it also creates markets through developmental projects.

*Technological environment:*

In South East Asia the main contributor for high technology is Asian Institute of Technology AIT. The students in this institution are talented engineers and economists. (Remes 1997, 145.)

Foreign investors have contributed the technological development of Vietnam. Foreign companies have brought advanced and modern technologies with them when they have penetrated the country. (Nguyen N. D. 2009.) However intellectual property rights of foreign investors are protected insufficiently (Huong T. 2009).

In many factories, the used machines and equipment are old and outdated. The skills of the workers to use new technologies are often limited. Also the low quality of infrastructure sets hindrances for efficient production facilities. (Nguyen N. D. 2009.) One indicator of the poor level of infrastructure is the quality of the roads. The length of soil roads is more than three times compared to asphalted roads. (GSO Transport, Postal Services and Telecommunications 2007.)

According to Household Living Standard Survey 2006, in most provinces over 90% of the households had electricity grid as a main source of lightning. The lowest score was in Lai Chau of South West part of Vietnam. There, only 50.8% of the households used electricity grids as a main source of their lightning. (Household Living Standard Survey 2006, section 8.)

Small watt-sized wind turbines have been developed in Vietnam under R&D programs. The main institution in this sector is Research Center for Thermal Equipment and Renewable Energy (RECTERE) of Ho Chi Minh City Technical Univer-

sity. In the year 2007 RECTERE had installed about 900 wind systems. These systems have been acquired by rural families mostly via government grants (90%) and only 10% of them have been purchased directly by users. The Hanoi University of Technology (HUT), as a centre of renewable energies had also installed 20 units in the year 2007. (Nguyen Q.K. 2007a.) Thus, small wind energy technologies are not unknown in Vietnam, even though the developed solutions are simple and their output is very small.

There are diverse research and development projects going on in the country. Certain academic institutions have the responsibility of those projects. Projects create new marketing opportunities for small wind energy technologies. They also create opportunities for networking and co-operation between Eagle and Vietnamese institutions. Limited infrastructure is a challenge and an opportunity at the same time. Roads and machines are often in a very poor condition. However, limited access to electricity in some areas creates market opportunities for different energy solutions.

*Ecological environment:*

Air pollution has become a difficult problem in Vietnam. World Bank Report on Vietnam Development 2007 mentioned that fact that increasing pollution has an impact on the health conditions of the population (World Bank Report on Vietnam Development, according to Cuong 2009). This piece of information seems interesting in Eagle Windpower's point of view, since it states the importance of cleaner and greener solutions when developing the country's industry.

Vietnam has large energy resources. The big rivers in the country are a source for hydropower. Vietnam has hydropower almost for 50,000 MW. Remes predicted in the year 1997 that Vietnam would become one of the most important energy producers in South East Asia. (Remes 1997, 192.)

Wind Atlas of South East Asia shows that Vietnam has very good wind conditions. Among the countries of Mekong area (including Vietnam, Laos, Cambodia and Thailand) Vietnam is absolutely the most feasible area for wind energy. Espe-

cially the coastal areas have good wind resources. (Wind Atlas of South East Asia 2009.) Among all the countries in the area, Vietnam is the most promising market for Eagle's products, if the wind conditions are concerned.

*Legal environment:*

Vietnamese legislation is favorable for foreign investments and it allows foreign ownership up to 100% (Remes 1997, 189). However, the investment laws tend to change according to governmental policies. Furthermore, often the laws are not implemented consistently and effectively. (Nguyen N. D. 2009.)

The legal environment in Vietnam has become also more preferable for domestic investments. Vietnamese government has issued a law, which encourages domestic private investments. (Nguyen N. D. 2009.)

Vietnam has also adopted a law on competition. The law brings local practice more closely into line with international norm. The system gives a more accurate picture of loan performance and forces the banks to make adequate provisions to cover their weak loans. (Nguyen N. D. 2009.)

Legal process for business registration takes 50 days in Vietnam. In Canada the same process takes 3 days and in Australia 2 days (Nguyen N. D. 2009). Business registration process seems to be very slow compared to developed Western countries.

The administration of legal procedures is complex and slow in Vietnam. There are changes according to the politics all the time. Often laws lack comprehensive preparation and supporting regulations. There are also problems in implementing the laws. This is due to the fact that there is limited competence and co-operation between the administrative levels. (Nguyen N. D. 2009.)

As a conclusion, the administration of laws is slow. Legal processes concerning the businesses take time. However, the adopted laws on competition bring Vietnam closer to international norms.

### 3.3 Cultural environment of Vietnam

Cultural environment is a focus of this study. It is analyzed here separately from the PESTEL-environments.

Vietnam has no history of a unified single country. There is a notable cultural difference between the Southern and the Northern Vietnam. Traditionally in the South salesmen and fishermen have been prevailing groups. Ho Chi Minh City is an economic heart. It has been a commercial center already for centuries. The locals there are used to foreign businessmen. Southerners are seen more adaptable and eager for the new. (Ellis 2004, 10 – 21, 27, 48.)

In the North the farmers have been a prevailing group. There have been fewer foreigners and less business activities in the North. The people are more reserved and polite than their country mates in the South. Northerners are seen more rigid and conservative. They are seen to avoid decision making. There is a preference for consensus to maintain social harmony. (Ellis 2004, 10 – 21, 48.)

Vietnam has a strong Chinese influence in its culture. China has ruled Vietnam for centuries. This cultural influence is especially strong in the Northern Vietnamese way of life. Even today many cultural practices are Chinese in character. Chinese culture has evolved over the time to suit Vietnamese way of life. (Ellis 2004, 28 – 30.)

Vietnam has been a subject to a strong influence of European culture too. Vietnam is a former French colony. In the recent history the Vietnamese had also close ties to former USSR and Eastern European socialist countries. Many Vietnamese in important positions also have lived and studied there. (Ellis 2004, 28, 197.)

Vietnam has a difficult history of wars with France and the US. After the Vietnam War, Vietnam was mainly cut off from the outside world from 1975 until the mid 80s'. Anyhow there is surprisingly little open resentment towards foreigners. (Ellis 2004, 52.)

Orientalist Jaana Pukkila has written a guidebook for Western travelers and businessmen heading to East Asia. According to her, in Asian societies it is often more important, not to know-how, but to know-who. Playing with a network of social relationships (especially known by the Chinese concept *guanxi*) can be a demanding task for a foreigner. Good relationships give businessmen sufficient information. Long-time co-operation is preferred to just one-time-deal. Successful businessmen should have personal contacts and trust with their Asian partners. It is good to have a mediator, who enjoys respect among the Asian partners. He can act as a balancing factor during the negotiations. According to Pukkila these characteristics of the culture apply on all East Asian and South East Asian societies. (Pukkila 2002, 36 – 37, 93.)

The structure of a company is hierarchical and collective; loyalties are often more important than straight-line logics. The decision making is bureaucratic and hierarchical. (Pukkila 2002, 30, 91, 121 – 122, 165 – 166.)

Matti Remes, who has worked and lived in Vietnam, writes about the concept of face. In Asian cultures the loss of face is the worst thing which can happen for a person. It means losing one's dignity in front of the others. The fear of losing the face affects business. Asian cultures avoid Western style debate. Controversies over small details should be avoided. This might lead the Asian partner to believe that the foreign partner questions his expertise. Straight accusations are not suitable. A difficult problem has to be pointed out with indirect expressions. Criticizing a colleague in front of the others might lead a person to lose his/her face. This might lead to a hostile relationship, which is difficult to fix any more. (Remes 1997, 39 – 40.)

Vietnamese are indirect in their communication. They prefer not to get straight to the point. The person's gestures support the indirect messages; Vietnamese often don't look straight into their partner's eyes when they are talking. The communication is embedded with modesty. It is not considered a good practice to praise somebody. (Tuan 2009.)

Strong patriotism and confidence on own skills are also notable characteristics in Vietnamese society. Vietnamese have strong national pride and they are confident on their own abilities. (Murray 1997, 5; Ellis 2004, 41; Tuan 2009.)

Traditionally Vietnamese have been hard workers. People have been raised to stand hard conditions. People have been flexible for the changes in their lives and quick to adapt to those changes. (Cuong 2009; Tuan 2009.)

The old philosophies of Confucianism and Taoism apply in Vietnam. Confucian principles revering those in authority have a powerful influence on modern Vietnam. The dynamics of a community is very strong. Villages and local communities are like families. This means a structure of a tight network of social relationships. (Murray 1997, 52, 58, 170.) The hierarchical structure of the society is based on Confucian tradition. Respect for the elderly is characteristic to it (Tuan 2009.)

Taoist principles have also permeated Vietnam during the history. Geomantic beliefs concerning the harmony in nature are widely followed in Vietnam. (Ellis 2004, 72, 75.) This aspect of culture needs also some consideration for wind energy businesses, because it affects the acceptance of the countryside populace.

In doing business in Vietnam patience is important. Things don't happen quickly, they need time. Meetings take a long time. Building mutual trust is important. (Ellis 2004, 190.)

In Vietnam it is often difficult to find out who have the real decision power and who the major players in business negotiation process are. If there appears to be a problem or some persons disagree, a foreign party is often not officially told what the problem is, because admitting the problem or the disagreement would cause people to lose their face. Anyhow it is possible to find out the problem or disagreement informally and meet with the people involved to clear the problem discreetly. (Ellis 2004, 196.) One Western banker working in Vietnam confirms the

complexity of Vietnamese decision making. According to him it was easier in China where two or three key decision makers could be identified. (Murray 1997, 53.)

However, doing business in general is more easy-going in Vietnam compared to China. Despite the bureaucracy, conducting business can be also surprisingly straightforward affair in Vietnam. Politeness and common sense are essential. Carrying out business activities contains less complexity than it does in China. (Ellis 2004, 185.) In Vietnam business meetings are relaxed affairs. There is less formality and less exchange of gifts than in China. (Murray 1997, 224.)

It can be concluded that Vietnam is a collectivistic society with high power distance. Average persons feel that they are separated from the decision makers. Also inside companies the relationships between persons are hierarchical. Average employees feel to be existentially unequal with their superiors. Decision making is complex and hierarchical. Decisions are taken and implemented slowly.

The way to express things is indirect. Polite manners and patience are essential. The greatest danger in communication is a loss of somebody's face. Behavioral patterns of the Vietnamese are aimed at preventing it. Also business relationships follow this ethic. Business relationships are based on *guanxi*-style networking derived from Chinese culture. The relationship is based on emotional, personal commitment between the parties.

Old Asian philosophies and the history of the country shape its society. Hardship tolerance and flexibility for changes is characteristic to the Vietnamese. Difficult history has enhanced patriotism. Confidence on own skills is high among the Vietnamese.

### 3.4 Research on topics related to this study

#### *Research on marketing communications and wind energy technologies:*

The specialty and the novelty of Eagle's product make the build-up of a feasible strategy somehow demanding. However, it seems that especially a new special field of industry needs to use right arguments to convey its message, just anywhere in the world. There is a study of Swedish wind energy industry's argumentation tactics by Herve Corvellec. The idea of the research was that the industry can promote its ideas by using right arguments. The way the company communicates, affects the successfulness of the outcome. (Corvellec 2007 129 – 144.)

There is also another research by Sandy Guardiola, Gillie Gabay and Howard R. Moskowitz on how to tap to a citizen's mind and make him to start to use renewable energy. The research found different types of mind-sets among the customer segments and what kind of different measures are needed to influence on them. (Guardiola, Gabay & Moskowitz 2009.) The problem is that the research was conducted in the US with its individualistic culturally Western consumers, while this research discusses about a collectivistic oriental society and B-to-B marketing there.

#### *Research on marketing communications and cultural differences:*

Philip R. Harris and Robert T. Moran define certain key concepts for global leadership. Among several concepts there are two, which are closely related to this study. First concept is cross-cultural communication. This means ability to understand the impact of cultural factors on communication. The second one is cultural sensitivity, which means the ability to understand the cultural influences on behavior. The ability to adapt to those differences is important for a successful outcome of the business. (Harris & Moran 1996, 9.)

The available research discussing the marketing communications in another cultural environment with its different meanings and ways to communicate seems to be rather limited. A group of scholars: Macquin, Rouzies and Prime came to that

conclusion when doing their study on the influence of culture on personal selling interactions. (Macquin, Rouzies & Prime 2000.)

In their study Macquin, Rouzies and Prime acknowledge that there is a growing number of marketing studies examining the impact of national culture on business face-to-face interaction. However, there is a lack of studies which would combine the existing theories to real-world bargaining situations. Macquin, Rouzies and Prime try to respond to this demand in their study, but they basically stick in Hofstede's dimensions and are not able to find anything new.

However, Macquin, Rouzies and Prime find two groups of variables, which affect the face-to-face meetings between the seller and the buyer. The first category contains the factors existing before the business negotiation starts. Those are the goals of both parties and background factors. The second category contains the variables existing during the negotiation. Those variables are the process itself and the conditions during it. All those variables are influenced by culture. According to Macquin, Rouzies and Prime, these variables can be analyzed through Hofstede's cultural dimensions. (Macquin, Rouzies & Prime 2000, 75.)

Macquin, Rouzies and Prime have one interesting finding concerning the role of a sales person in personal selling context. The cultural dimension of power distance affects the role of the sales person. When simplifying the idea of those scholars, there will be three hypotheses. First, the higher is the power distance, the lower the sales person's local contact is. Second, the higher is the power distance, the fewer people will be included in the decision-making process. Third, the higher the power distance is, the less likely the sales person will be perceived as a partner of a buying firm. (Macquin, Rouzies & Prime 2000, 82.)

The limited number of the studies combining the marketing communications and culture with real-world cases was also recognized by Zhu, Nel and Bhat when they did their research on the influence of culture on marketing communication strategies almost 10 years later. Zhu, Nel & Bhat did field work in several culturally different countries, including interviews and observations. Hofstede's ideas have a

central position in their work, but they develop the ideas further and present their idea of cultural dimension of relationship building strategies. (Zhu, Nel & Bhat 2009, 321 – 336.)

Cheng Lu Wang presents an interesting idea in his study on *guanxi*. According to him, the adoption of *guanxi*-style strategy can reduce the risk for being involved in corruption. While gift giving is often expected in the initial stage of building *guanxi*, emotional attachment becomes more important in the long run. Bribery can often establish only a short-term relationship, which can be easily imitated by the competitors. While a long-term relationship based on emotional commitment within the *guanxi* network will have a sustainable competitive advantage over the competitors. (Wang 2005, 85.) This idea is valuable for Eagle, since it presents a culturally based solution for solving the moral-ethical problem of paying bribes. As it was concluded in page 38, corruption is a serious problem in Vietnam.

Matt Semansky discusses about the Western companies marketing their products in Asia. According to Matt Semansky when promoting the product in Asia, it is not a wise strategy to cling on individualistic values, which are highly appreciated in the West. (Semansky 2009, 10.) Also a Chinese scholar Baochun Zhao found the low level of individualism among Chinese consumers and suggested the marketers to take it into consideration (Zhao 2008, 223 – 229).

In general, the research on Western companies doing business in Asia, concentrates almost solely on China. However, though the strong Chinese cultural influence in Asia, even the neighboring countries may differ from each other noticeably. Furthermore, the research concentrates more on business-to-customer selling interactions. The available research seems to be very novel, dating back only for few years. This area has been neglected until recently and deserves more research.

## 4 FIELD STUDY DATA ANALYSIS

### 4.1 Interviews

The interviews revealed values, appreciations, attitudes and ideas concerning wind energy in general, small wind energy technologies and marketing of those technologies. Cultural factors behind the given answers will be analyzed in this chapter.

#### 4.1.1 Questionnaires

The students in two academic institutions filled in a multiple choice questionnaire form. Group One consisted of young students studying a basic degree in Haiphong Maritime University. Group Two consisted of elder students studying MBA degree in Asian Institute of Technology. The answers were tabulated by using Excel and each option's percentual share was calculated (see appendix 4 and 5).

The first question inquired about the general idea of wind energy among the respondents. In Group One “new” was noticeably the most popular answer (53.33%), though “effective” had quite a high share too (33.33%). In Group Two “effective” (46.67%) was slightly more popular than “new” (40%).

The answers show that wind energy is considered very new form of energy. The attitude towards it is positive. It is considered effective and a feasible source of energy.

The second question inquired about the characteristics the respondents considered important when wind energy is concerned. In Group One “environmentally friendly” was absolutely the most important option (66.67%). In Group Two it was slightly less popular, but still noticeably the most popular (53.33%).

The answers show that Vietnamese students are aware of the concept of environmental friendliness. They have an idea of green energy and this idea has positive color in their minds. It was however questionable what environmentally friendliness meant to them. It is noticeable that the elder students, with higher education selected this option less than the younger ones.

In question three the groups differed from each other. The younger, less educated students followed the general Asian preferences on Japanese technology (e.g. Remes 1994) when they were asked which country's technology they like most. In Group One Japan was noticeably more popular than the others (53.33%). In Group Two Germany was more popular than the others (46.67%). This is interesting finding, since Group Two consisted of students, who already had some expertise in their field.

In question three Sweden represented Nordic technology. The choice was made, because the respondents knew that the researcher was from Finland. In order to avoid the answers aimed at pleasing the researcher Finland was replaced with Sweden. The idea was quite feasible in the sense that there is a Swedish small wind turbine company Hannevind Vindkraft (2009), which business idea and organization are quite similar to Eagle's. Also the organizational culture is quite similar due to the cultural proximity of Finland and Sweden.

It is interesting to find out that in Group One Sweden was the second most popular option with USA (20%), while in Group Two hardly any selected Sweden (6,67%). There is a possibility that many respondents in Group One mixed Sweden with Finland in their mind and selected it in order to please the researcher. Group Two which consisted of respondents who already had some expertise, did not have any preference over Sweden.

In question four the groups differed from each other too. In this question the groups were asked about their preferences on the development of their country. Group One selected "developing countryside villages" the most important activity concerning Vietnam's development (40%). "Building tourist resorts" was also

rather popular (26.67%). Group Two's answers were quite scattered, "establishing industrial zones" being the most popular option (40%). This might be due to the fact that the students represented different industrial fields in Vietnam and they selected option, which was closest to their own employee's field.

Question four revealed important finding for Eagle Windpower. Eagle's wind turbines can generate electricity for remote countryside villages not connected to electricity grids. Development of countryside villages is considered important. Group One selected it as the most popular option (40%) and Group Two as the second most popular one (20%).

Question five and six were the most directly connected to the core of this research. They inquired about the marketing strategies most preferred among the respondents.

Question five inquired the preferences on the characteristics of a product among the respondents. One of the options "the product is recommended by Vietnamese authorities" was not a characteristic of a product, however this option was placed there to test how much the respondents would trust on official statements concerning the choice of a product. In Group One this option was the most popular one (40%) with "there is a guarantee and after-sales service" (40%). The popularity of this option confirms Hofstede's high power distance assumption. The authorities have prestigious position in the society and they guide the opinion of the populace.

In a new cultural context for Eagle Windpower Ltd. the prestigious position of the authorities is important element, since the customer is a local government in a countryside village. This will point to the adoption of slow, patient and non-aggressive marketing communications approach. A highly-respected organization should be persuaded to buy, not forced.

However Group Two preferred different option. It selected "There is a guarantee and after-sales service" as the most popular option (46.67%). The difference might be caused by the fact that the persons in this group already consider themselves as

representatives of Vietnamese authorities. The respondents see this question as expert's point of view. They are the subordinates of those who make the real decisions. This makes the respondents to ponder over the question as a true buyer's point of view.

Question six inquired about the preferences on the usage of promotion mix. Group One selected "I will be delivered a product specification and price list" as the most popular option (46.67%). It can be assumed that the respondents were not very well aware of different promotional techniques and selected the option which sounded the most fascinating one.

Group Two selected the same option as the most popular option (33.33%). "I see an advertisement on media" and "I see a fascinating power point presentation" came as the second (26.67%) and the third (20%) popular options. In this group the share of these three options was quite even. The result points at a direction that this group appreciates the information it is provided and the usage of promotional mix. The respondents expected seller to provide adequate information and use the right channels of promotion in an effective way. Presumably, the reason for more scattered answers in this group was the better knowledge on different promotional techniques. Everyone then selected the option they preferred most.

It is noticeable that meeting the seller personally was not preferred over the other options (Group One 6.67% Group Two 13.33%).

The answers reveal that above all the respondents wanted to know the hard facts of the product. This indicates that wind energy technologies or just any products are mainly understood in practical terms. This leads to a conclusion that in the new cultural context Eagle should stress the practical characteristics of the product. The Vietnamese are not likely to give any further meanings (such as moral-ethical considerations on global warming) for the product.

As a conclusion it can be claimed that the preferences depended on the age and educational background of the respondents. If the respondents considered themselves as representatives of the authorities, the answers on marketing preferences

(questions five and six) were slightly different. The persons in a position had a buyer's point of view. They wanted the seller to use the right promotional channels effectively and to be informed by the seller on the characteristics of the product and the pricing.

Both groups were aware of wind energy and they had positive attitudes towards it. The groups were aware of green energy and its feasibility. Anyhow wind energy was considered a very novel source of energy. The students showed curiosity towards this new sustainable energy source.

#### 4.1.2 Interviews with Mr. Khai and Ms. Thao

Mr. Khai, an assistant for the management in EVN and Ms. Thao, Business Development Manager for RCEE Energy and Environment Joint Stock Company were asked open questions. Mr. Khai represented the state sector and Ms. Thao the growing private sector and a very novel business field in Vietnam, environmental consultancy.

According to Mr. Khai when selecting the technology for generating electricity, quality is preferred over price. When the country of origin is concerned, quality can be the decisive element, not the country itself. One Vietnamese company selected a German supplier instead of Chinese, mainly due to the quality considerations.

The development of countryside villages is of utmost importance in Vietnam. The more developed countryside would mean that the land lease would get higher and the government would get more income. The villages without sufficient energy source should be electrified as soon as possible.

EVN is aware of wind energy and its potential, even though so far only large megawatt-sized turbines are well-known. The search for all environmentally friendly

energy sources is considered important. More support funding is needed. Tariff for wind power is 12 cents (US). Half of the tariff should be funded by the government. EVN needs about 7 cents support (at least half). It is possible to install small scattered solutions in the countryside and EVN can then purchase electricity from those small producers.

The selection of energy source is not an issue of countryside residents to ponder over. It is important issue and must be studied and decided by the government. When a foreign seller promotes its technology to the government, personal selling and networking is the best strategy to follow.

The interview of Mr. Khai reveals the same positive attitude towards wind energy and towards sustainable energy solutions in general, as the students' answers showed. Wind energy is a novel energy source in Vietnam and further actions in the legislation are needed to promote it in the country. Khai also pointed out the importance of the countryside development. This is important finding for Eagle Windpower, since small wind turbines suit especially well to the conditions in which finding a sufficient energy source is difficult. Environmental issues are considered important as the answers of the students told too.

However, the last two answers of Mr. Khai are the most important ones, when this study is concerned. Mr. Khai pointed out that the government is the one, which should pay attention to this question. The local residents, who would use small wind energy, are not the ones who should ponder over this question. The answer is revealing in the cultural sense. It points towards a high power distance culture. The government is the one in a hierarchical society, which ponders over important questions. Paternalistic government guides its subordinates and provides them with a feasible solution.

According to Ms. Thao people know about wind energy. They normally at least understand what it is. In general the populace has positive attitude towards sustainable energy solutions. They know that wind power is practical. However, if a community decided to acquire wind energy solutions, support from the govern-

ment is needed. Isolated communities obviously have never heard about wind energy.

When comparing the preferable characteristics of wind energy technology, price is the most decisive one.

Ms. Thao expressed that in general the Vietnamese are flexible when other characteristics of the product are concerned. The country of origin is not very important. Only when there is more funding available, the country of origin might have some influence on the final purchase decision. Ms. Thao told that the Vietnamese consider Finnish quality very good. The brand is also important.

When asked about the preferences on the development of Vietnam, Ms. Thao expressed that questions of such importance are the duty of the government. The most important projects concerning the country's development are officially set targets by the government. A foreign company should follow them in order to find possible targets for its investment.

When asked about the maintenance and after-sales services, Ms. Thao pointed out that the locals should be trained to take care of the maintenance. Training the users is important. This means a long time commitment from the wind turbine supplier. When marketing its products, the foreign company should know how to do business in Vietnam. Relationships are essential. Knowledge of local business culture is really important. The foreign company should make personal contact with the locals and learn to know its partners well.

Ms. Thao also evaluated Vietnamese business culture. According to her Vietnamese business culture is close to Chinese. However, the Vietnamese are more loyal and somewhat more honest than the Chinese. This answer shows the patriotism of the Vietnamese, especially concerning the attitude towards their big neighbor.

Hierarchical, high power distance culture can be derived from Ms. Thao's answers. She stressed the importance of the government like Mr. Khai did. She also

advised foreign companies to take the government's role seriously and monitor its decisions and plans.

A collectivist culture and idea of *guanxi* can be found in Ms. Thao's answers as well. She stressed the point that a foreign company should make personal contacts with the locals and learn to know its Vietnamese partners well. A long-time commitment is required. The foreign supplier should engage in training and aiding in maintenance.

A recontextualization of Eagle's marketing environment means adopting new culture-specific communication strategy. The relationship-building strategies and objectives of the Vietnamese differ from the cultural context of Eagle's home country. The objective of the relationship building is gaining social capital as Zhu, Bhat & Nel found in the Chinese context of *guanxi* build up. Social capital is something which is not to be disposed once it is acquired. This leads to a long-time commitment in the relationship, which was also experienced by Hofstede (Hofstede 1994, 165 – 166). In a new cultural context this becomes Eagle's main objective as well.

The environmental significance of wind energy and sustainable energy in general did not seem to be a decisive element. The answers of Mr. Khai and Ms. Thao point to the direction that people have positive attitudes towards it, but it does bear any further meanings. One predominant meaning in the West is responding to the global warming and saving the planet. This point is also used in Eagle's marketing materials (Eagle Windpower marketing brochure 2009). Considering mankind as one is universalistic thinking, which is characteristic to Western culture as Usunier and Lee have pointed out (Usunier & Lee 2009, 25).

In Vietnam the significance of wind energy is considered in a practical sense. How to generate electricity which is affordable and how to solve the electrification problems in the countryside were the main points to ponder over. In this new context, wind energy is seen in practical terms.

#### 4.1.3 Interviews with Mr. Tho and Mr. Thuan

The third type of interviews was very simple. A few questions were asked and answered briefly. These questions were asked from Mr. Tho, CEO of Century Company Limited and Mr. Thuan, CEO of Anprotex Ltd.

The first interviewee was Mr. Tho, Manager of Century Company Limited. This company builds motor boats mainly for domestic market. It is located in Haiphong.

According to Mr. Tho there is no problem with energy source in Haiphong. Haiphong is a big city and it is able to supply enough electricity, though there are occasional electricity breaks and the price of electricity is somewhat high.

Mr. Tho had heard about wind turbines. He considered the idea of generating part of the company's electricity with a small wind turbine feasible. However, he stressed the point that such acquisition would require government support. Without active measures from the government, such decisions could not be taken.

The second interviewee was Mr. Thuan, Manager of Anprotex Limited. This company manufactures textile products, such as garments and toys. It is located in Haiphong.

Mr. Thuan was more pessimistic about the city's ability to supply the local factories with electricity sufficiently. He complained about the frequent cases when the electricity cuts off suddenly and all the work processes have to be interrupted. Mr. Thuan considered the price of electricity quite high.

Mr. Thuan said that in the future, the company needs new technologies to ensure the sufficient energy supplies. He expressed his interest and positive ideas about wind energy. According to Mr. Thuan small wind turbine could be one solution. However, the company would need some support to acquire the technology.

Both Mr. Tho and Mr. Thuan expressed their interest on wind energy and small wind turbines. Anyhow, it should be borne in mind that in front of a large audience of Finnish and Vietnamese students, the company managers wanted to give polite and pleasing answers.

However, these answers conveyed one important message again. The role of government can not be underestimated. If Eagle Windpower wishes to sell its products to Vietnamese companies, it should look at the government's actions first. High power distance culture means that all the important decisions are taken in the highest levels of the society. The local companies and communities can not act on their own.

The new context means the recontextualization of Eagle's objectives. In order to communicate effectively in Vietnam, Eagle is required to acquire sufficient knowledge on Vietnamese government bodies, their policies and policy making processes.

## 4.2 Observations

The observations were not directly connected to the topic of the study, but they revealed some behavioral and communicational patterns of the Vietnamese. These patterns affect the cultural context of interaction between Eagle and its Vietnamese customer.

### 4.2.1 Lectures

The first observation applies on all lectures given in Haiphong University and HUT. When some issue was considered to have a political element or it is closely connected to the policies run by the government of Vietnam, the discussion became difficult. The Vietnamese stuck into this area very hesitantly. This might be due to the theoretical chance of getting into some problems, when touching the

sensitive area of the politics. However, even a soft discussion about the government seemed to be a non-popular topic. The general trend in the lectures and discussions was that let the government do in a way they seem to be the best for Vietnam. Again, this indicates a high power distance culture. The average citizens feel that they are separated from the policy makers and the ruling class.

When adopting a suitable communication approach in Vietnamese context, political issues have to be taken into consideration, since energy is an area which is very closely linked to the governmental decisions and its policies. When Eagle Windpower is concerned, this means networking with influential persons. Since the average person's decision power is very limited, in order to market its products effectively Eagle has to target its marketing measures first to the governmental bodies, as high as possible. In this new context, Eagle's main objective becomes the same with Asian companies, gaining social capital. This points to the adoption of *guanxi*-style networking strategy.

#### 4.2.2 Two teachers

The second observation was made when carrying out the interviews in Haiphong University. Two teachers Ms. A and Ms. B both wanted to be the researcher's partner. The partner's duty was basically just to make it possible for the researcher to carry out her interviews. However, it turned out to be a competition between the two teachers. When teacher A had taken 15 photocopies of the questionnaire form by her own, she received criticism from teacher B. Teacher A made a phone call to the researcher and asked her to provide a solution.

What happened indicates the collectivistic and high power distance elements of the culture. In collectivist culture it is not desirable for an individual to act independently. That is what the teacher A did, when she took the photocopies. In high power distance culture the subordinates feel to be separated from their superiors. It is important to give a good impression for the superior and this can easily lead to the competition between the subordinates (Remes 1997, 24). In this case the

teachers can be considered as the subordinates for the researcher, since it was the researcher who was responsible for the interviews and the teachers' role was to be her aide in the process.

These elements should be kept in mind when Eagle Windpower has acquired its local partners and/or customers. There is a chance for Vietnamese staff to do their best to give a good impression for their superiors. This can lead to competitive situations, which can frustrate the foreign business persons as Matti Remes has expressed (Remes 1997, 24). Furthermore, the Vietnamese should not normally make decisions or take actions individually. This means that decision making takes time and actions are taken slowly. Even in minor issues all the important persons should be consulted.

In Vietnamese context, Eagle Windpower is required to target its messages to all important persons in customer organization in order to avoid competitive situations between the decision makers. Furthermore, this has to be done in order to accelerate the decision making process in Vietnamese organization.

#### 4.2.3 Cultural clash between Vietnamese teachers and Finnish students

The third observation was made during the study period in Haiphong University. The different cultures of Finnish students and Vietnamese teachers clashed during the course. Vietnamese teachers reacted strongly to the direct speech from the Finnish students, which were used to the close relationship between the teacher and the students. Finnish students were at odds with the sudden changes in the time table and the frequent delays in starting the lectures. The Finnish students felt that they did not receive proper answers to their questions.

The researcher found out that she could not proceed with the planned interviews with Vietnamese students. She spent almost three hours in the department's office drinking green tea and discussing with the teachers. The teachers asked her advice in tuition they provided for the Finnish students. They also expressed the wish the

researcher as the eldest person in the group could use her authority and guide the students. Only after that meeting, the interviews took place.

First, the reaction of the Vietnamese teachers can be derived from the high power distance culture, in which the relationship between the superior and the subordinate (here a teacher and a student) is more distant and authoritarian.

Second, the sudden changes and delays in the lectures reveal the element of polychronism in Vietnamese culture.

According to Edward Hall's definition in monochronic cultures, persons normally concentrate on one task at a time. The time has economic value and there is a strong sense of time being "wasted". Monochronic persons stick to their schedules. Polychronic cultures are just the opposite. Persons can do several tasks at a time and easily modify their schedules. The time does not have intrinsic value, it is considered as an ever-continuing cycle. Western cultures are considered monochronic while Asian cultures are polychronic. (Hall 1989 17 – 24; Usunier & Lee 2009, 20 – 21.)

Third, the feeling of the Finnish students that they did not get proper answers to their questions can be derived from the high context communication in Vietnamese culture. High context versus low context communication is another dimension described by Edward Hall. According to him high context communication concentrates on the person and the circumstances the message is delivered. Very little information is coded in the explicit message. This makes the message more complex having both meaningful and less meaningful information. This is opposite in low context communication, in which the messages are more exact and informative. According to Hall this is a clear difference between Western and Asian cultures. Western cultures are low context cultures while Asian cultures are high context ones. (Hall 1989, 105 – 116; Usunier & Lee 2005, 343 – 346.)

Finally, the personal discussion the researcher had with the teachers refers to the collectivistic culture again. The researcher was above all considered as a member of her group, not an individual. If there were problems with the relationships be-

tween the two groups, Finnish students and Vietnamese teachers, this was a hindrance for the interviewing process too. It did not matter whether the researcher was involved in the conflicts; she was above all the member of the group. The strong emphasis put on a person's age can be found from this observation as well. This element can be derived from the Confucian tradition of the respect for the elder, which is strong in Vietnam. (On the cultural impact of Confucianism and its influence on Vietnam: Hofstede 1994, 165 – 166; Murray 1997, 52, 58, 170.)

This observation is especially valuable, since it reveals the serious threat for cultural conflicts. When a problem occurs in the Vietnamese context, the business persons of Eagle Windpower must always keep in mind that persons are above all considered as members of their group, not individuals. In order to communicate effectively, the foreigner and the Vietnamese persons should have equal ranks in their companies (as shown by the case between the teachers and students, who don't have equal status and the problems derived from this fact). Furthermore, the polychronic nature of Vietnamese culture means more sudden changes in the plans and delays in time table – even in business.

#### 4.2.4 Employee

The fourth observation was made in a discussion with employee C from company X. He told the researcher that the relationship between an employee and his superior is highly hierarchical. It is also loaded with emotional element. A Vietnamese employee can not talk to his superior as an equal. The attitude towards a superior is filled with a mixture of respect and fear.

This narrative clearly matches together with Geert Hofstede's ideas on high power distance culture inside organizations. According to him in high power distance countries, the employees hesitate to disagree with their boss and bosses are seen as autocratic and paternalistic. In high power distance cultures the employee is dependent on his manager. Hofstede calls this counterdependence. (Hofstede 1994, 27.)

The narrative matches also together with Hofstede's ideas on a collectivistic culture. According to Hofstede the workplace itself in a collectivist society may become a group in the emotional sense of the word. The relationship between employer and employee is seen in moral terms. It resembles a family relationship. (Hofstede 1994, 64.)

This point provides Eagle Windpower with a notion that the average sales staff, the office clerks or the maintenance staff is not likely to speak their minds. Even the minor issues have to be discussed with persons of higher ranks. In the Vietnamese cultural context, Eagle has to target its messages solely to those persons.

#### 4.2.5 Building networks

The fifth observation states the importance of personal networking and the patience it requires. The researcher contacted company Y in order to inquire about the company's interest in partnership with Eagle. It took several phone calls and e-mails to arrange the meeting with one of the managers, manager D. From the first e-mail, it took almost three weeks to arrange the meeting. Later when the staff of Eagle Windpower made contacts with company D, they still preferred to answer the e-mails of the researcher, the person whom they had met personally.

This observation refers to the importance of personal networking in Asian business environment as expressed by Juha Remes and Jaana Pukkila in their works. Because the formation of relationship was emphasized by the Vietnamese company, it reveals that the main objective of their communication could be explained as gaining social capital as Zhu, Nel and Bhat experienced in the Chinese context of *guanxi* build up (Zhu, Nel & Bhat 2009, 321). It also reveals the slow process of building such relationship, which requires patience from the foreigner.

This observation showed the importance of having a special trusted person to act as a communicator between the Vietnamese parties and Eagle Windpower itself

### 4.3 Cultural environment affecting marketing communications

The data collected revealed above all two decisive differences in Finnish and Vietnamese culture, which affect the conduct of business. All the evidence points to the direction that power distance and collectivism/individualism are the dimensions, in which the differences are the largest and the ones which affect every aspect of the culture; the ideas, attitudes and ways of communication.

Vietnam is a high power distance society with a hierarchical structure. The superiors and subordinates feel separated from each other. Hierarchical relationships are loaded with emotions. This is enhanced with the Confucian tradition of the respect for the elderly. Vietnam is also a collectivistic society. People act as a group. Individuals hesitate to make decisions or take actions by their own (see pages 48 – 51).

Hall's monochronic/polychronic and high context/low context dimensions are also elements which separate Vietnam and Finland. The polychronic culture of Vietnam means overall flexibility on the concept of time in Vietnamese society. The high context communication culture of Vietnam means that the communication depends largely on the context. The messages conveyed are somewhat complex.

These four dimensions have to be taken into consideration when building up a culturally-aware marketing plan for Eagle Windpower in Vietnam. As stated before, everything starts from the concept of marketing communications. The idea is to find out what kind marketing communications Eagle should use towards its Vietnamese customers to ensure a successful outcome.

As stated before, the marketing mix (the 4Ps) can be divided into even smaller parts. One of the P's, the promotion can be further divided to smaller units. Promotional mix consists of advertising, sales promotion, direct marketing, public

relations (PR) and personal selling. It is a set of tools which can be used to communicate with the target audience. (Fill 2005, 20 – 24, Kitchen 199, 13.)

The special nature of B-to-B (business-to-business) marketing makes personal selling important tool in the promotional tool pack. As earlier referred to Chris Fill, in B-to-B marketing the reception of the message is formal. There are few buyers, orders are larger and the frequency of the orders is rather low. The information needed is normally detailed and must be presented in rational and logical style. This makes personal selling the dominant element in B-to-B marketing communications. Personal selling is an area, in which the abilities of the seller to communicate with the buyer are essential. (Fill 2005, 30, 166.)

Personal selling is an area, where cultural environment becomes even more important factor. Personal selling requires the sales personnel to understand the countries, organizations and cultures in which they seek to operate. (Fill 2005, 828.)

The eight-step B-to-B buying process by Gary Armstrong and Philip Kotler will be used to generate ideas on culture-aware marketing communication for Eagle Windpower in Vietnam. Each step has suggestions and recommendations based on cultural findings during the research. The stress is on personal selling interactions.

#### 4.4 8-step B-to-B buying process by Armstrong & Kotler – ideas for Eagle Windpower Ltd.

##### *Problem recognition:*

In this stage the local community somewhere in Vietnam finds out that there is a problem or a need that can be met by acquiring a certain product or service. The problem is that some communities in Vietnamese countryside are not attached to electricity grids. Electricity is generated by using a diesel generator. This is expensive and it causes CO<sub>2</sub> emissions, bad odor and noise. This creates a situation in which the local community finds out that it has a need for sufficient energy source.

The preferable policies of the Vietnamese government point to the direction of selecting a sustainable solution.

In this stage the potential customer is not contacted personally. Other forms of promotional tool pack dominate in this stage. The buyer gets the trigger for later purchase decision in this stage. The trigger may be internal, which means that the buyer has recognized the need for the product and has made a decision to acquire it. The trigger can be also external, which means that the buyer gets an idea from somewhere outside, e.g. in a trade show or from advertisement. (Armstrong & Kotler 2007, 157.)

Participating in big annual exhibitions on wind energy, such as Wind Power Asia (2009) might prove to be useful for Eagle Windpower. However, the most effective strategy in such a hierarchical society as Vietnam is to start from networking already in this stage. The Vietnamese government should take care of the problem recognition in Vietnam. Without preferable governmental policies and the official acknowledgement for the need for wind energy in Vietnam, it is not feasible for Eagle Windpower to build up any plans for the country.

In order to build up functioning relationships in Vietnam, Eagle needs a local partner who knows the circumstances – and above all knows influential persons. This means that from the very beginning Eagle's main objective in Vietnamese context becomes similar with local companies – gaining social capital. Thus, the objective is not only a tangible one (a product order), but goes beyond it (a formation of a specific relationship between Eagle and Vietnamese operators involved in the product purchase).

*General need description:*

In this stage the seller will have a personal contact with the buyer. The buyer will specify what he really needs and how much for the seller. The buyer wants to know the technical specifications in this stage. The seller can help the buyer to define his needs and provide information about the value of different product characteristics. (Armstrong & Kotler 2007, 157.)

This is the stage in which the cultural considerations will step in. Vietnamese buyer, according to his cultural background will deliver a message which might seem somewhat complex for the Finnish seller. In order to respond to the buyer's inquiries in a best manner, the sales personnel should make clear what the buyer really wants. This should be done with indirect, polite questions. The task should be a responsibility of only one person in the company, since he/she is the person, who has made the personal contact with the buyer's representatives.

Eagle should also find out who has the access to the required information in the Vietnamese organization. The structure of all Vietnamese communities is hierarchical and only few important persons have the access to the essential information. The knowledge is valuable. Even the files or simple product brochures contain knowledge which only few important persons can have access (Remes 1997, 66). When asked from a wrong person, the information might be incorrect. Questions which can be answered only with Yes or No should be avoided. As Matti Remes reminds Vietnamese answer starts always with a word yes (*vang*) (Remes 1997, 80). Inadequate understanding between the seller and the buyer can be a real danger in the sales process. It is about noise, which can distort the message as Kitchen calls the phenomenon (Kitchen 1999, 13).

Based on the findings in the data, the sales person in Eagle Windpower should stress the practical characteristics of the solution. Above all, the light and durable material of the product should be stressed. It should be pointed out that the high quality means also savings by the time, since the turbine has 20 year's life expectancy and it requires maintenance operations only by every five years (Eagle Windpower marketing brochure 2009). The developmental aspect should be also stressed, because it is considered important in Vietnam.

*Product specification:*

In this stage the buyer has learnt the product specifications. He conducts a value analysis in which he finds out if it is possible to place the order with reduced costs. Seller can use this stage to secure a new order. He can show to the buyer a

better and less costly way to make an order. By doing so, the seller may secure further orders in the future.

In this stage it could be a useful strategy for Eagle Windpower, its Vietnamese partner company and its Vietnamese customer organization to co-operate in planning the whole package Eagle delivers and how it could be priced. Because of the novelty of such technology in Vietnam and the developmental nature of the acquisition, a pilot project which is partly funded by Finnish and international organizations is the best option. However the final price of the package including the delivery of the turbines and the training of the locals to use them is an issue decided between Eagle Windpower and its Vietnamese customer.

A recontextualization of Eagle's marketing environment means adopting a *guanxi*-style personal communication approach. This means forming close, personal relationships with the local operators. In this form of networking there is emotional element involved.

*Supplier search:*

It must be taken into consideration that the Vietnamese customer might have other supplier candidates as well. Chinese small wind turbine companies are very active in the world market (Lius-Shura & Miller 2009). However, as expressed by Mr. Khai, Chinese technology does not have any special competitive edge in Vietnamese markets. There are examples of other countries of origin when the high technology products are concerned. Mr. Khai mentioned German suppliers. RCEE Energy and Environment Joint Stock Company has finalized a pilot project with a German supplier of solar panels, which were placed in Vietnamese countryside (RCEE promotional material 2008).

Vietnamese respondents expressed that they did not have any special preferences on their neighboring country China's technology. However, Chinese products have one important competitive edge; they are cheap (Lius-Shura & Miller 2009). On the other hand, German and Japanese technologies are preferred. Swedish

company Hannevind has the product, the outlook and the business idea somewhat close to Eagle's (Lius-Shura & Miller 2009).

Eagle's technology is anyhow based on a unique patented material, hybtonite. The combination of extreme durability and lightness has made it possible to expand the space area of the wing and thus has increased its efficiency (Eagle marketing brochure 2009). In Vietnamese context this fact should be stressed to the buyer. It responds to the buyer's demand for hard facts and appreciation of practical characteristics of the product.

However, the Vietnamese buyer might make the final purchase decision based on the best personal contact it has. The foreign company it seems most trustworthy might lead it to select it. The adopted relationship building strategy obviously influences, which company the Vietnamese buyer sees the most trustworthy one. Ability to recontextualize one's marketing efforts to the local culture helps in building the trust.

*Proposal solicitation:*

In this stage the buyer invites the qualified suppliers to submit proposals. . However, when item is complex or expensive (as is in this case) the buyer will usually require detailed written proposals or formal presentations from each potential supplier. Business marketers must be skilled in researching, writing and presenting the proposals. Proposals are also marketing documents, not just technical. (Armstrong & Kotler 2007, 157.)

This is the stage of intensive communication between the seller and the buyer. In the core of this stage is personal selling. The cultural considerations guide all the actions taken here.

First, the collective nature of the culture has to be taken into consideration. The representatives of the customer have to be treated after all as a group. Their loyalty for their organization is strong. These representatives hesitate making decisions or taking actions individually. In this communication context the sales personnel in

Eagle Windpower have to direct their communication to the group. Also the messages sent should cling on collectivistic values (Usunier & Lee 2009, 346; Semansky 2009). Headings such as “Eagle Windpower – my ecological solution” in Eagle Windpower marketing brochure (2009) convey too individualistic meanings, alien to Vietnamese culture.

A good way to communicate to the group is to arrange a meeting with all the influential persons from the buying organization. Questions targeted to the representatives of the Vietnamese customer should be avoided. This is due to the fact that in collectivistic Asian culture persons hesitate in speaking up their mind in front of larger audience. (Hofstede 1994, 62.)

High power distance means that there are only few persons who have real decision power. These persons will also speak for the whole group. It is essential to concentrate on building up the trust of these persons. In Western thinking the business is done with an organization, in Eastern thinking it is done with a person whom one has learned to know and trust. (Hofstede 1994, 50.)

The high context communication in Vietnamese culture affects as well. The Finnish way to express things in a very exact, explicit and short manner is not very effective. The characteristics and the values of the product should be described broadly. As stated by Matti Remes the formal speeches held should be long and somewhat rambling in Asian marketing environment (Remes 1997, 94). Otherwise the Vietnamese buyer might not be impressed and might consider that this relationship is not very important for the Finnish seller.

The polychronic nature of Vietnamese culture affects as well. There might be delays in business meetings and already planned schedules might change. This does not mean that the Vietnamese buyer has lack of interest or competence. The representatives of Eagle should adapt to the flexible timetables. The meetings should not be carried out in a rush. Having long tea breaks could be important in building the mutual trust as the researcher experienced herself.

As a conclusion, a recontextualization of Eagle's marketing environment means adopting a complete new communication approach here, which follows the local communication strategies and meanings conveyed in the messages. Of course the sales staff of Eagle cannot install Vietnamese software of the mind inside their heads, but they can learn the cultural context and adopt a communication approach which recognizes the differences and takes them into consideration.

*Supplier selection:*

In this stage the buyer makes the final purchase decision. The buyer draws up a list of desirable supplier attributes. These attributes can consist of issues as diverse as competitive prices, honest communication, repair and servicing capabilities.

(Armstrong & Kotler 2007, 157.)

This stage is already easier, because the relationship is already formed. This means that Eagle Windpower has already won its Vietnamese customer's trust. In this stage it is important to strengthen the trust. As Zhu, Nel and Bhat pointed out the initiation stage is followed by maintenance stage. This stage requires continuing with the adopted strategies (Zhu, Nel & Bhat 2009, 325). Eagle should reply to all the inquiries from its customer, and the person to reply should be the one who has personally visited the customer during the business negotiations. This means the continuing commitment on strong personal relationships. Due to the high-context nature of Vietnamese communication, it is important to make clear everything. This means that the sales person inquires about the customer's wishes in a rather indirect way. Again it should be ensured that the person from the Vietnamese buyer's side is of a right rank.

*Order-routine specification:*

In this stage the seller submits a list of the desired characteristics of the delivery to the buyer. These characteristics normally include product specifications and quantity, delivery terms and warranties. (Armstrong & Kotler 2007, 157.)

The main objective here is to ensure the sufficient information flow. The high-context communication, which is predominant in East Asian and South East Asian

cultures, should be borne in mind. As Edward Hall has put: “high-context communication is one in which little has to be said or written because most of the information is either in the physical environment or within the person, while very little is in the coded explicit part of the message.” (Hall 1976, according to Hofstede 1994, 60.)

Thus, the list submitted by the Vietnamese buyer might contain a limited amount of information, which is seen as essential from Eagle’s point of view. Some issues, which the Vietnamese customer considers self-evident, might be missing; e.g. the color of the wind turbine is white. At the moment there are no other options available (Eagle Windpower marketing brochure 2009). Because the selection of the color is self-evident, the Vietnamese buyer might not include it to the product specifications list. If the information is not essential as in this case, Eagle should not stick into the details. In a new cultural context the message sent by Eagle responds exactly the message sent by the Vietnamese buyer – no less, no more.

*Performance review:*

This stage is after the delivery. The buyer might contact the users and ask them to rate their satisfaction (Armstrong & Kotler 2007, 157). In this stage the relationship between Eagle Windpower and its customer, the Vietnamese community moves from initiation to the maintenance (Zhu, Nel & Bhat 2009, 325). The main objective is to maintain the trust between Eagle Windpower and Vietnamese customer.

Vietnamese following the Asian long-term orientation (Hofstede 1994, 165 – 166). prefer long term relationships in business. They also expect their foreign partner to show commitment. Eagle must take this aspect into consideration. Taking care of the duties stated in the contract (such as training or providing support in maintenance) is not enough. *Guanxi*-style emotional commitment should be shown as well. In order to ensure further orders, Eagle’s staff should occasionally visit in the country meeting their partners. The researcher also experienced herself, how much sending Lunar New Year Greetings is appreciated in Vietnamese culture.

#### 4.5 Culturally-aware marketing communications model

Figure 2 shows how Eagle proceeds with its culturally-aware marketing communications approach. The culture-specific context (stage 1.): selling Eagle's wind turbines to a Vietnamese community leads to the recontextualization stage (stage 2.). This means that Eagle adapts its marketing communications approach to the local circumstances taking every cultural aspect into consideration.

It basically means that Eagle imitates the practices of the local companies by adopting *guanxi*-style networking strategy (stage 3.) of the local companies. Personal and emotional elements (stage 4.) are involved in *guanxi*-style networking strategy. The realization of Eagle's communication towards its Vietnamese customer is personal and emotional. The process leads to orders of Eagle's wind turbines, gaining social capital in Vietnam and maintenance of long-term relationships with important operators.

The red oval-shaped figure above the process includes the main threats for the successful outcome. This noise (Kitchen 1999, 23) can distort the communication between Eagle and its Vietnamese customer. The noise is mainly caused by cultural differences between Finland and Vietnam.

Misunderstandings

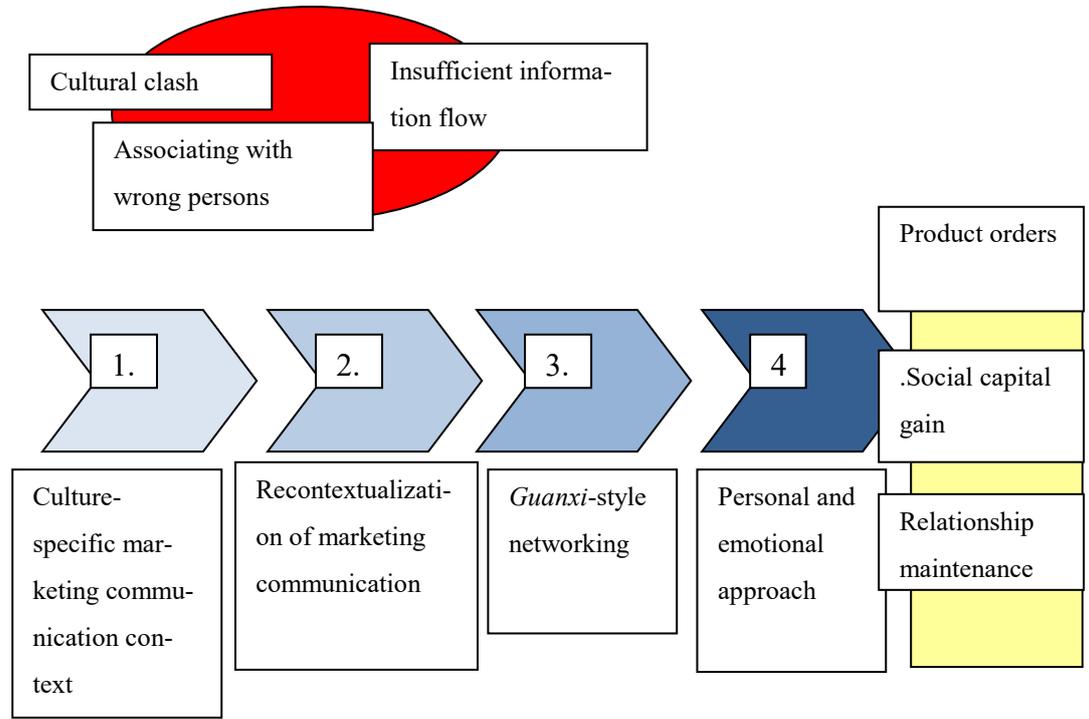


FIGURE 2, Culturally-aware marketing communications model

## 5 CONCLUSIONS

### 5.1 Reason for research

There were several reasons for this thesis. However, all the reasons were linked to each other. First, the students participating in the International Entrepreneurship course of Lappeenranta University of Technology found out that in order to gain international visibility and trustworthiness, Eagle needs global references. Furthermore, Eagle's knowledge of its markets is rather limited right now. There is a demand for diverse market studies specially designed for Eagle.

Vietnam was selected as a target country, because the country has good wind resources. Vietnam is also a developing country, with problems concerning poverty and underdevelopment. Some areas in the countryside are either without electricity or their access to electricity is limited. A sufficient energy source is essential for the development of those communities. A small wind turbine is a feasible solution in those circumstances. Furthermore, it is a renewable energy source, which can reduce CO<sub>2</sub> emissions. The government of Vietnam has launched several developmental projects in the country and it has adopted preferable policies towards the acquisition of renewable energy technologies.

The principle of sustainable development is part of Eagle's company values. The aim is to affect both the social and environmental development of societies. Eagle has a plan to participate in developmental piloting in a selected reference site. For this purpose there is funding available from governmental and non-governmental sources. The marketing of these kinds of beneficial solutions, which affect the development of the whole community, has characteristics of social marketing. However, the normal marketing principles and processes apply here too.

The customers are the local communities. This means that the form of marketing is business-to-business marketing targeting the local governments, which purchase wind turbines for communal electricity generation. The marketing context is

formed by different environments known as PESTEL. Behind all the constructs in the society is a culture as Geert Hofstede has pointed out (see page 16).

However, Vietnam is culturally somehow distant from Finland. Differences in values, attitudes and behavior affect the adopted communications approach. The communication between the two parties can be distorted, because of cross-cultural misunderstandings. Thus, cultural awareness is at the core of this thesis.

The special characteristics of the product itself has influenced the focus of this study too. The product is a small wind turbine, which requires a certain marketing strategy. The product is a complex one with innovative technologies based on nanotechnology. Furthermore, the product will affect the overall development of the community. This indicates the importance of face-to-face interactions between Eagle as a seller and local government as a buyer. Thus, the most important promotional tool here is personal selling. And personal selling is an area, which culture affects the most.

This thesis gives useful suggestions for Eagle when it starts to build up a marketing strategy for the Vietnamese market. In addition, this study provides a general theoretical understanding on the impact of cultural environment to marketing communications.

## 5.2 Theories

Different theories should be used to explain culturally-aware marketing communications. The models and theories available provide only partial understanding on the phenomenon. By combining theories, it is possible to get a more complete picture.

The ideas of cultural dimensions by Geert Hofstede and Edward Hall are behind this study. However it seems that those dimensions can not provide sufficient theoretical understanding on marketing communications between two parties cultur-

ally distant from each other. Some scholars have tried to explain it. The ideas of recontextualization by Brannen and the semantics of relationship building by Zhu, Nel & Bhat are used in this study to facilitate the general theoretical understanding. Brannen's idea is that in a new marketing context, the company recontextualizes its communications, which means the adaptation of the company's marketing communications approach to local cultural context. Zhu, Nel and Bhat have found different culture-specific relationship building strategies, which go beyond Hofstede's and Hall's dimensions. Furthermore, Cheng Lu Wang's ideas on *guanxi* are used to provide understanding on the special characteristics of Asian business relationships.

The 8-step B-to-B buying process presented by Armstrong and Kotler is used to refine the findings to the real-world case. The study provides Eagle with a list of suggestions based on the findings and their interpretation.

### 5.3 Methods

By reviewing literature related to the topic, it was possible to get a general understanding on the marketing communications context and factors affecting it.

The study has elements of ethnography, which meant active field work in Vietnam with several observations on the behavioral patterns of the locals. Interviews revealed attitudes and values inherent in Vietnamese culture, and the observations revealed characteristic behavioral patterns of the locals. The findings were analyzed by interpretation.

### 5.4 Key findings

The literature reviewed reveals that small wind turbines are especially feasible for generating electricity in isolated areas where the access to electricity is limited. Vietnam is a developing country with problems of poverty, poor infrastructure,

corruption, slow and complex decision making and inefficient administration of laws. Eagle's penetration to Vietnam's markets is a challenge. However, the government's devotion to developmental projects, preferable policies towards foreign investments and economic reforms create opportunities for Eagle. Wind conditions are good and there is a demand for alternative energy sources in small countryside villages, which are not connected to electricity grids.

Culturally Vietnam is a collectivistic society with high power distance. Average persons feel that they are separated from the decision makers. Also inside companies the relationships between persons are hierarchical. Decision making is complex and the decisions are implemented slowly. The greatest danger in communication in Vietnam is a loss of face. This should be avoided whatever it takes. Business relationships are based on *guanxi*-style networking derived from Chinese culture. This means that the relationships are based on emotional, personal commitment between the parties.

Adapting to *guanxi*-style networking can even provide a means for a foreign company to avoid being involved in bribery. Furthermore, a particularistic, specialized relationship between the seller and the buyer can form a competitive edge over the competitors.

The data collected in Vietnam reveal a few strong elements in Vietnamese culture. First, the cultural dimension of power distance is very high in Vietnam. All the findings point to this direction. In general, people stress the importance of government bodies in all aspects. On the other hand, the role of the government and politics in general is a topic to be avoided.

Second, Vietnam is a collectivistic society. People operate as a group. Individuals should not take actions alone. This is an important notion, since it affects the behavior of Vietnamese employees. For a Finnish company, this kind of behavior shows a lack of initiative. Also when a company markets its products, it should not cling to individualistic values, which are predominant in Western culture.

Third, Vietnam is a society, where *guanxi*-style networking is essential. In a high power distance society, it is also important to form relationships with influential persons. Relationships to those persons provide Eagle with important information, which could be impossible to gain otherwise.

Fourth, Western universalistic thinking is not prevailing in Vietnam. This is an issue to be considered when marketing small wind turbines or any green technologies. Moral-ethical comments pointing to global warming and saving the planet are not persuasive. These technologies are mainly understood in practical terms.

### 5.5 Outcome of research

By combining the theories and key findings, it is possible to generate ideas on culturally-aware marketing communications for Eagle when it is planning its marketing strategy for Vietnam.

Eagle should recontextualize its marketing communications efforts to a new cultural context. This means that the marketing communications style of Eagle is to be adapted to the local circumstances. Eagle follows the Vietnamese communication style and its marketing communications objectives become the same with the local companies; gaining social capital in Vietnam. This leads to *guanxi*-style networking, involving emotional and personal elements. A successful relationship is a long-term one, with strong mutual commitment. Commitment is shown by providing extensive support in maintenance and training activities, meetings with customers or just by showing courtesy.

Finally, adopting a culturally-aware marketing communications approach leads to two important advantages for Eagle. First, the formed relationship is a unique one and cannot be easily imitated by the competitors. This creates competitive edge for Eagle. Second, creating a long-term relationship can help Eagle to avoid being involved in bribery, a serious problem in Vietnam.

## 5.6 Research process evaluation

Combining factors such as marketing communications, business-to-business marketing and personal selling interactions with the study on cultural environment was challenging. The special characteristics of the product, renewable energy technologies, added more complexity to the study.

The specialties of the product itself are discussed only briefly. Basically, the biggest challenge is to find culture related ideas and attitudes on renewable energy and green technologies. There is a lack of research and theories on this specific field.

Field work created its own challenges. Actualizing the interviews required the formation of personal relationships, persuasive talk, and above all patience. There were some limitations in finding suitable interviewees. Organizing a meeting with any person with a position was difficult. Only persons with adequate language skills could be chosen, or in two exceptional cases when a Vietnamese student worked as a translator.

At the same time everything which happened around the interviews offered a chance for valuable observations.

## 5.7 Discussion

The outcome of the research helps Eagle to build a culturally-aware marketing communications approach when it decides to sell its wind turbines to a Vietnamese community. The ideas generated raise some questions on their feasibility too.

First, Eagle is a new company still building its processes and above all its own business culture. The question is if Eagle has enough human resources to direct personnel to work on these considerations. Second, it can be also asked if the personnel is ready to follow the ideas presented. Challenging one's own cultural

software can be extremely difficult. A person normally reacts automatically according to his/her cultural upbringing. Third, it can be also questioned if Eagle is ready for long-term commitments in its customer relationships.

However, if Eagle decides to build up a long-term strategy for Vietnam, following the ideas presented can lead to fruitful customer relationships with repetitive re-orders. Following culturally-aware marketing communications approach in Vietnam creates a competitive advantage over Eagle's competitors and helps to avoid being involved in bribery.

It is worth noting that *guanxi*-style networking, with local modifications applies in all societies influenced by Chinese culture (China: the mainland, Taiwan, Hong Kong, countries with a large expatriate Chinese business community).

It is also possible to reduplicate the idea of the study to other markets culturally distant to Eagle's home country. This will require studying each target country's cultural environments. The format of this study could be reduplicated to Indian, Dominican or Peruvian markets, other possible target countries for Eagle.

## REFERENCES

## Published sources:

Armstrong, G. & Kotler, P. 2003. *Marketing: An Introduction*. 6<sup>th</sup> edition. Upper Saddle River, New Jersey: Pearson Education.

Armstrong, G. & Kotler, P. 2007. *Marketing: An Introduction*. 8<sup>th</sup> edition. Upper Saddle River, New Jersey: Pearson Education.

Best Practices from Finland. 2009. Ministry of Foreign Affairs, Ministry of Environment, Ministry of Agriculture and Forestry, Finnish Environment Institute, The Finnish National Board of Education & The Finnish Innovation Fund (SITRA). Helsinki.

Bhose, C. 2008. 7 myyttiä tuulivoimasta. *Kauppalehti Optio* 11/2008, 35–45.

Cavico Transportation Gets OK to Evaluate Potential for Wind Farm in Vietnam. 2008. *Wireless News*. 13. 12. 2008.

Corvellec, H. 2007. Arguing for a license to operate: The case of Swedish wind power industry. *Corporate Communications*. 2/2007, Vol. 12, 129 – 144.

Country Report Vietnam. September 2008. London: Economist Intelligence Unit.

Ellis, C. 2004. *Culture Shock! Vietnam: A Guide to Customs and Etiquette*. Expanded edition. Singapore: Graphic Arts Center.

Fill, C. 2005. *Marketing Communications: Engagement, Strategies and Practice*. 4th edition. Essex: Pearson Education.

Guardiola, S., Gabay, G. & Moskowitz, H.R. 2009. Renewable Energy: Tapping and typing the citizen's mind. *Humanomics* 4/2009, Vol 25.

Hall, E. T. 1989. *Beyond Culture*. 2<sup>nd</sup> edition. New York: Anchor Books.

Harris, P. R. & Moran, R. T. 1996. *Managing Cultural Differences: Leadership Strategies for a New World of Business*. 4<sup>th</sup> edition. Houston: Gulf Publishing Company.

Hicks, R. 2008. Vietnam the Truth about the “New China”. *Media*. 10. 1. 2008, 18.

Hofstede, G. 1994. *Cultures and Organizations: Intercultural cooperation and its importance for survival, software of the mind*. London: Harper & Collins.

Järveläinen J. 2007. *Tuulivoimasektorin nykytila ja tuulivoiman ympäristövaikutukset*. Bachelor's thesis. Lahti University of Applied Sciences.

Keegan, S. 2009. *Qualitative Research: Good decision making through understanding people, cultures and markets*. London & Philadelphia: Kogan Page.

Kitchen, P. J. 1999. *Marketing Communications: Principles and Practice*. London: Thomson Business Press.

Kotler, P. & Lee, N. R. 2009. *Up and Out of Poverty: The social marketing solution*. Upper Saddle River, New Jersey: Pearson Education.

Macquin, A., Rouzas, D. & Prime, N. 2000. The Influence of Culture on Personal Selling Interactions. *Journal of Euromarketing*. 4/2000, Vol. 9, 71 – 88.

Murray, G. 1997. *Vietnam: Dawn of a new market*. Surrey: China Library.

Nguyen, K. Q. 2007. Wind energy in Vietnam: Resource assessment, development status and future implications. *Energy Policy*. 2007a, Vol. 35, Iss.2, 1405-1413.

Nguyen, K. Q. 2007. Impacts of wind power generation and CO<sub>2</sub> emission constraints on the future choice of fuels and technologies in the power sector of Vietnam. *Energy Policy*. 2007b, Vol. 35, Iss. 4, 2305-2312.

Nguyen K. Q. 2007. Alternatives to grid extension for rural electrification: Decentralized renewable energy technologies in Vietnam. *Energy Policy*. 2007c, Vol. 35, Iss. 4, 2579-2589.

Powers, T. & Loyka J. 2010. Adaptation of Marketing Mix Elements in International Markets. *Journal of Global Marketing*. 2010, Vol. 23, Iss. 1, 65 – 79.

Pukkila, J. 2002. *Kulttuurisukellus: Kohteena Aasia*. Helsinki: Fintra.

Remes, M. 1997. *Tunne Aasia*, Helsinki: WSOY.

Rope, T. 1998. *Business to business –markkinointi*. Helsinki: WSOY.

Semansky, M. 2009. World Domination. *Marketing*. 2009, Vol. 114, Iss. 1, 10.

Spencer, J. 2007. Politics & Economics: Clean-Energy Firms Make a Pitch to Asia; U.S. Trade Mission Aims to Capitalize on Growing Commitment in China, India. *Wall Street Journal (Eastern Edition)*. 18.4. 2007, A9.

Usunier, J. C. & Lee, J. A. 2009. *Marketing Across Cultures*. 5<sup>th</sup> edition. New York: Financial Times Prentice Hall 2009.

Wang, C. L. 2005. Guanxi vs. Relationship Marketing: Exploring Underlying Differences. *Industrial Marketing Management*. 1/2005, Vol. 36, 81 – 86.

Zander, L. 2004. Dialogue on Identifying Culture.

*International Journal of Cross Cultural Management: CCM*. 2004, Vol. 4, Iss. 3, 275 – 290.

Zhao, B. 2008. Consumer Ethics: An Empirical Investigation of the Ethical Beliefs in Mainland China. *The Business Review*. 2008, Vol. 10, Iss. 1, 223 – 229.

Zhu, Y., Nel, P. & Bhat, R. 2006. A Cross Cultural Study of Communication Strategies for Building Business Relationships. *International Journal of Cross Cultural Management: CCM*. 2006, Vol. 6, Iss. 3, 319 – 341.

Electronic sources:

Bach-Khoa Development (BK-IDSE) Viet Nam. 2009 [Accessed 15.2.2009]. Available: <http://www.bk-idse.com>

Gillespie, A. 2007. *Foundations of Economics*. London: Oxford University Press, 2007. Summary of the book, part L [Accessed 25.3.2010]. Available: <http://www.oup.com/uk/orc/bin/9780199296378/01student/additional/index.htm>

GSO Transport Postal Services and Telecommunications. 2007. *General Statistics Office of Vietnam* [Accessed 17.3.2010]. Available: [http://www.gso.gov.vn/default\\_en.aspx?tabid=473&idmid=3&ItemID=9250](http://www.gso.gov.vn/default_en.aspx?tabid=473&idmid=3&ItemID=9250)

Hannevind Vindkraft. 2009 [Accessed 10.6.2009]. Available: <http://www.hannevind.com>

Household Living Standard Survey. 2006. *General Statistics Office of Vietnam* [Accessed 17.3.2010]. Available: [http://www.gso.gov.vn/default\\_en.aspx?tabid=483&idmid=4&ItemID=8301](http://www.gso.gov.vn/default_en.aspx?tabid=483&idmid=4&ItemID=8301)

Huong, T. V. 2008. (General Director of Energy Department) Vietnam: Energy Development Policy up to 2015. Ministry of Industry and Trade. Cleaner Coal Workshop on Solutions to Asia's Growing Energy and Environmental Challenges. Presentation. 19-20. 8. 2008. Ha Long –Quang Ninh [Accessed 15.2.2009]. Available: [http://www.egcfe.ewg.apec.org/publications/proceedings/CleanerCoal/HaLong\\_20](http://www.egcfe.ewg.apec.org/publications/proceedings/CleanerCoal/HaLong_20)

08/Day%201%20Plenary%20%20%201%20-%20Ta%20Van%20Huong%20Vietnam%20Energy%20Policy.pdf

Nordic Development Fund. 2010 [Accessed 17.3.2010].

Available: <http://www.ndf.org>

Transparency International Corruption Perceptions Index 2009 [Accessed 16.3.2010]. Available:

[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009/cpi\\_2009\\_table](http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table)

Vinaconex 2009 [Accessed 1.10.2009]. Available: <http://www.vinaconex.vn>

Watanabe, S. & Duong T. N. 2005. Indirect Tax Reform (VAT, SCT and Import/Export taxes) [Accessed 16.3.2010].

Available: [http://www.mof.go.jp/jouhou/sokei/kouryu/kou27/kou27\\_09.pdf](http://www.mof.go.jp/jouhou/sokei/kouryu/kou27/kou27_09.pdf)

Wind Energy: The Facts. 2010. European Wind Energy Association EWEA [Accessed 17.3.2010]. Available:

[http://www.ewea.org/fileadmin/ewea\\_documents/documents/publications/WETF/1565\\_ExSum\\_ENG.pdf](http://www.ewea.org/fileadmin/ewea_documents/documents/publications/WETF/1565_ExSum_ENG.pdf)

Wind Power Asia. 2009 [Accessed 15.2.2009].

Available: <http://www.windpowerasia.com>

Verbal sources:

Cuong, D. M. Mr. 2009. Lectures. Hanoi University of Technology. October 2009.

Eerola, H. 2009. Energy Adviser. Finnish Ministry of Foreign Affairs. Presentation. Sibeliustalo, Lahti 21.8.2009.

Huong, T. Mr. 2009. Lectures. Hanoi University of Technology. October 2009.

Khai, Mr. Assistant for the Management. Electricity of Vietnam. Interview 18.10.2009.

Nguyen N. D. Mr. 2009. Lectures. Hanoi University of Technology. October 2009.

Thao, P. M. Ms. 2009. Development Manager. RCEE Energy and Environment Joint Stock Company. Interview 30.10.2009.

Siitonen, J. 2009. CEO. Eagle Windpower Ltd. Interview 10.6.2009.

Siitonen, M. 2009. Marketing Director. Eagle Windpower Ltd. Presentation. Kouvola Yritysmagneetti 13.8.2009.

Siitonen M. 2010. Marketing Director. Eagle Windpower Ltd. Interview 13.1.2010.

Stauffer, Ilkka. 2009. CEO. Townsman Trade. Presentation. Sibeliustalo 21.8.2009.

Tho, Mr. 2009. CEO. Century Company Limited. Interview 24.9.2009.

Thuan, Mr. 2009. CEO. Anprotex Limited. Interview 7.10.2009.

Tuan, A. Mr. 2009. Lectures. Haiphong University. September 2009.

Vu, T. P. T. Ms. Lectures. Hanoi University of Technology. October 2009.

Unpublished sources:

Cuong, D. M. 2009. Handout.

Eagle Windpower Ltd. 2009. Marketing brochure.

International Entrepreneurship project file. 2009. Lappeenranta University of Technology.

Jaarinen, E., Keinänen, H., Kaskinen, J. & Lahtinen, H. 2009. Market Research for Eagle Windpower Ltd. Part of International Entrepreneurship project. Lappeenranta University of Technology.

List of National Projects: Calling for Foreign Investment (2006-2010). 2007. Ministry of Planning and Investment of Vietnam, Foreign Investment Agency.

List of Power Plants 2007. *Phu luc IA*

*Danh Muc Cac Nha May Diem Vao Van Hanh Giai Doan 2006-2015 (Phuong An Co So) Ban Hanh Kem Theo Quyet Dinh So 110/2007/QD-II g Ngay 18 thang 7 nam 2007 cua Thu Tuong Chinh Phu* (translated for the researcher by Cuong Duong Manh). Prime Minister's office.

Lius-Shura, A.K. & Miller, I. 2009. Simple competitor analysis for Eagle Windpower Ltd.

RCEE Energy and Environment Joint Stock Company. 2008. Promotional material.

Wind Atlas of South East Asia. Ilkka Stauffer's materials, presented by Ilkka Stauffer. CEO. Townsman Trade. 12.8.2009.

## APPENDICES

## APPENDIX 1.



Small wind turbine in Halong Bay fishermen's community, northern Vietnam.  
(Anna-Katriina Lius-Shura 12.9.2010.)

## APPENDIX 2.

**Market research questionnaire**  
**Anna-Katriina Lius-Shura, M.A.**

**3.9.2009**  
**Lahti University of Applied Sciences**



*Tick the box (only one) which is closest to your opinion*

**1. Wind energy is:**

Effective  Not important  New  Sustainable  Useless

Ecological  Unknown

---

*Tick the box (only one) which is closest to your opinion*

**2. The most important thing with the energy source is:**

It is easy to use  It is sure  It is cheap  It is safe  It is of high quality

It is innovative  It is environmentally friendly

---

*Tick the box (only one) which is closest to your opinion*

**3. The technology from this country I like most:**

France  USA  Sweden  China  Germany  Japan

---

*Tick the box (only one) which is closest to your opinion*

**4. The activity concerning Vietnam's development I consider most important:**

Construction of harbors  Building tourist resorts  Establishing industrial zones

Developing countryside villages  Construction of residential areas

Developing agriculture  Taking care of ecological problems

---

*Tick the box (only one) which is closest to your opinion*

**5. This characteristic of a product convinces me best:**

The product is patented  There is a discount for a new customer

The product is recommended by Vietnamese authorities  There is a guarantee and after-sales service

The outlook of the product is good  The product is of famous brand

---

*Tick the box (only one) which is closest to your opinion*

**6. This way of marketing convinces me best:**

I see a fascinating Power Point show about the product

The salesman talks to me personally  I see an advertisement on media

I will be delivered a product specification and price list

I will be handled a beautiful illustrated catalogue  It is easy to find the product

## APPENDIX 3.

**Market research interview**  
**Anna-Katriina Lius-Shura, M.A.**

**3.9.2009**  
**Lahti University of Applied Sciences**



1. What kind of ideas do you have about wind energy in general?
2. What is the most important thing concerning the choice of the energy source?
3. What do you think is the opinion of the local people, e.g. habitants of small villages and farmers?
4. What do you think about the electrification of Vietnamese countryside villages?
5. Which ways would be best to fund the acquisition of the wind mills and their installation?
6. Quality versus price – which one do you prefer?
7. Do you have any opinion on Finnish technology?
8. Which one sounds the most interesting: Chinese, American, Swedish, French or German product?
9. Do you have any concerns over maintenance of the device?
10. What is the most important thing concerning the development of Vietnam: e.g. construction harbors and highways, building tourist resorts, establishing industrial zones, developing countryside villages, constructing residential areas, developing the agriculture, solving ecological problems?
11. What kind of contact of a foreign salesman do you prefer: e.g. he talks you personally, he gives a fascinating Power Point show, he delivers you product specs and pricelist or he gives you an illustrated catalogue?

## APPENDIX 4.

| Haiphong Maritime University students<br>28.9.09 |           |   |   |   |   |   |
|--|-----------|---|---|---|---|---|
|  | Questions |   |   |   |   |   |
| Respondent                                       | 1         | 2 | 3 | 4 | 5 | 6 |
| 1  | c         | c | e | b | d | d |
| 2  | c         | g | c | d | c | d |
| 3  | c         | g | f | b | c | d |
| 4  | d         | d | f | d | d | f |
| 5  | c         | e | f | b | c | d |
| 6  | c         | e | f | b | c | d |
| 7  | a         | g | b | g | d | c |
| 8  | a         | g | c | d | a | b |
| 9  | c         | c | c | d | c | e |
| 10   | a         | g | f | a | d | c |
| 11   | c         | g | f | c | c | d |
| 12   | a         | g | b | c | d | c |
| 13   | c         | g | f | d | f | a |
| 14   | f         | g | f | g | d | d |
| 15   | a         | g | b | d | f | f |

|   | Appearance in the data |    |   |   |   |   |
|---|------------------------|----|---|---|---|---|
|   | 1                      | 2  | 3 | 4 | 5 | 6 |
| a | 5                      | 0  | 0 | 1 | 1 | 1 |
| b | 0                      | 0  | 3 | 4 | 0 | 1 |
| c | 8                      | 2  | 3 | 2 | 6 | 3 |
| d | 1                      | 1  | 0 | 6 | 6 | 7 |
| e | 0                      | 2  | 1 | 0 | 0 | 1 |
| f | 1                      | 0  | 8 | 0 | 2 | 2 |
| g | 0                      | 10 | X | 2 | X | X |

|   | Appearance in the data % |         |         |         |         |         |
|---|--------------------------|---------|---------|---------|---------|---------|
|   | 1                        | 2       | 3       | 4       | 5       | 6       |
| a | 33,33 %                  | 0,00 %  | 0,00 %  | 6,67 %  | 6,67 %  | 6,67 %  |
| b | 0,00 %                   | 0,00 %  | 20,00 % | 26,67 % | 0,00 %  | 6,67 %  |
| c | 53,33 %                  | 13,33 % | 20,00 % | 13,33 % | 40,00 % | 20,00 % |
| d | 6,67 %                   | 6,67 %  | 0,00 %  | 40,00 % | 40,00 % | 46,67 % |
| e | 0,00 %                   | 13,33 % | 6,67 %  | 0,00 %  | 0,00 %  | 6,67 %  |
| f | 6,67 %                   | 0,00 %  | 53,33 % | 0,00 %  | 13,33 % | 13,33 % |
| g | 0,00 %                   | 66,67 % | X       | 13,33 % | X       | X       |

**1. Wind energy is:**

Effective 33.33%      Not important 0.00%      New 53.33%      Sustainable 6.67%

Useless 0.00%      Ecological 6.67%      Unknown 0.00%

**Top 3**

1. New
2. Effective
3. Sustainable & Ecological

New is noticeably the most popular option, though effective has quite a high share too.

---

**2. The most important thing with the energy source is:**

It is easy to use 0.00%    It is sure 0.00%    It is cheap 13.33%    It is safe 6.67%

It is of high quality 13.33%    It is innovative 0.00%

It is environmentally friendly 66.67%

**Top 3**

1. It is environmentally friendly
  2. It is cheap & It is of high quality
  3. It is safe
- It is environmentally friendly is absolutely the most popular option
- 

**3. The technology from this country I like most:**

France 0.00%    USA 20.00%    Sweden 20.00%    China 0.00%    Germany 6.67%

Japan 53.33%

**Top 3**

1. Japan
2. USA & Sweden
3. Germany

Japan is noticeably more popular than the other options

---

**4. The activity concerning Vietnam's development I consider most important:**

Construction of harbors 6.67%    Building tourist resorts 26.67%

Establishing industrial zones 13.33%

Developing countryside villages 40.00%    Construction of residential areas 0.00%

Developing agriculture 0.00%    Taking care of ecological problems 13.33%

**Top 3**

1. Developing countryside villages
2. Building tourist resorts
3. Establishing industrial zones & Taking care of ecological problems

Developing countryside villages and building tourist resorts are more popular than the other options

---

**5. This characteristic of a product convinces me best:**

The product is patented 6.67%    There is a discount for a new customer 0.00%

The product is recommended by Vietnamese authorities 40.00%

There is a guarantee and after-sales service 40.00%

The outlook of the product is good 0.00%    The product is of famous brand 13.33%

**Top 3**

1. The product is recommended by Vietnamese authorities & There is a guarantee and after-sales service
2. The product is of famous brand

### 3. The product is patented

The product is recommended by Vietnamese authorities & There is a guarantee and after-sales service are much more popular than other options and their share is even

---

### 6. This way of marketing convinces me best:

I see a fascinating Power Point show about the product 6.67%

The salesman talks to me personally 6.67%      I see an advertisement on media 20.00%

I will be delivered a product specification and price list 46.67%

I will be handled a beautiful illustrated catalogue 6.67%      It is easy to find the product 13.33%

#### Top 3

1. I will be delivered a product specification and price list
2. I see an advertisement on media
3. It is easy to find the product

I will be delivered a product specification and price list is noticeably more popular than the other options

## APPENDIX 5.

|  |
|--|
| <b>Asian Institute of Technology Vietnam, weekend course for MBA students<br/>18.10.09</b> |
|--|

|            |   | Questions |   |   |   |   |   |
|------------|---|-----------|---|---|---|---|---|
| Respondent |   | 1         | 2 | 3 | 4 | 5 | 6 |
| 1          | a | c         | e | c | d | a |   |
| 2          | c | c         | e | f | e | c |   |
| 3          | c | b         | d | c | d | b |   |
| 4          | a | g         | e | c | b | c |   |
| 5          | a | g         | b | g | e | c |   |
| 6          | a | g         | f | g | c | a |   |
| 7          | c | c         | f | d | f | b |   |
| 8          | a | g         | e | c | d | d |   |
| 9          | d | d         | b | g | d | d |   |
| 10         | a | g         | e | a | b | c |   |
| 11         | a | g         | d | c | c | e |   |
| 12         | c | c         | b | d | d | d |   |
| 13         | c | e         | e | c | d | d |   |
| 14         | d | g         | e | d | d | a |   |
| 15         | c | g         | c | e | f | d |   |

|   |  | Appearance in the data |   |   |   |   |   |
|---|--|------------------------|---|---|---|---|---|
|   |  | 1                      | 2 | 3 | 4 | 5 | 6 |
| a |  | 7                      | 0 | 0 | 1 | 0 | 3 |
| b |  | 0                      | 1 | 3 | 0 | 2 | 2 |
| c |  | 6                      | 4 | 1 | 6 | 2 | 4 |
| d |  | 2                      | 1 | 2 | 3 | 7 | 5 |
| e |  | 0                      | 1 | 7 | 1 | 2 | 1 |
| f |  | 0                      | 0 | 2 | 1 | 2 | 0 |
| g |  | 0                      | 8 | X | 3 | X | X |

|   |  | Appearance in the data % |         |         |         |         |         |
|---|--|--------------------------|---------|---------|---------|---------|---------|
|   |  | 1                        | 2       | 3       | 4       | 5       | 6       |
| a |  | 46,67 %                  | 0,00 %  | 0,00 %  | 6,67 %  | 0,00 %  | 20,00 % |
| b |  | 0,00 %                   | 6,67 %  | 20,00 % | 0,00 %  | 13,33 % | 13,33 % |
| c |  | 40,00 %                  | 26,67 % | 6,67 %  | 40,00 % | 13,33 % | 26,67 % |
| d |  | 13,33 %                  | 6,67 %  | 13,33 % | 20,00 % | 46,67 % | 33,33 % |
| e |  | 0,00 %                   | 6,67 %  | 46,67 % | 6,67 %  | 13,33 % | 6,67 %  |
| f |  | 0,00 %                   | 0,00 %  | 13,33 % | 6,67 %  | 13,33 % | 0,00 %  |
| g |  | 0,00 %                   | 53,33 % | X       | 20,00 % | X       | X       |

**1. Wind energy is:**

Effective 46.67%      Not important 0.00%      New 40.00%      Sustainable 13.33%

Useless 0.00%      Ecological 0.00%      Unknown 0.00%

**Top 3**

1. Effective
2. New
3. Sustainable

Effective is slightly more popular than new

---

## 2. The most important thing with the energy source is:

It is easy to use 0.00%    It is sure 6.67%    It is cheap 26.67%    It is safe 6.67%

It is of high quality 6.67%    It is innovative 0.00%

It is environmentally friendly 53.33%

### Top 3

1. It is environmentally friendly
2. It is cheap
3. It is safe & It is of high quality

Environmentally friendly is noticeably more popular than the other options.

---

## 3. The technology from this country I like most:

France 0.00%    USA 20.00%    Sweden 6.67%    China 13.33%    Germany 46.67%

Japan 13.33%

### Top 3

1. Germany
2. USA
3. China & Japan

Germany is noticeably more popular than the other options

---

## 4. The activity concerning Vietnam's development I consider most important:

Construction of harbors 6.67%    Building tourist resorts 0.00%

Establishing industrial zones 40.00%

Developing countryside villages 20.00%    Construction of residential areas 6.67%

Developing agriculture 6.67%    Taking care of ecological problems 20.00%

### Top 3

1. Establishing industrial zones
2. Developing countryside villages & Taking care of ecological problems
3. Construction of harbors, Construction of residential areas & Developing agriculture

Answers quite scattered. Establishing industrial zones is much more popular than the other options.

---

## 5. This characteristic of a product convinces me best:

The product is patented 0.00%    There is a discount for a new customer 13.33%

The product is recommended by Vietnamese authorities 13.33%

There is a guarantee and after-sales service 46.67%

The outlook of the product is good 13.33%    The product is of famous brand 13.33%

**Top 3**

1. There is a guarantee and after-sales service
2. All the others same result
3. The product is patented

Answers very scattered. There is a guarantee and after-sales service noticeably more popular than the other options.

---

**6. This way of marketing convinces me best:**

I see a fascinating Power Point show about the product 20.00%

The salesman talks to me personally 13.33%    I see an advertisement on media 26.67%

I will be delivered a product specification and price list 33.33%

I will be handled a beautiful illustrated catalogue 6.67%    It is easy to find the product 0.00%

**Top 3**

1. I will be delivered a product specification and price list
2. I see an advertisement on media
3. I see a fascinating Power Point show about the product

Top three is much more popular than the rest of the options. The share of these three options quite even.