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Report

# Knowledge Based Strategies in a Distant Market Context

*Market Knowledge acquisition, transfer and  
distribution from China to Lenovo's PC unit in  
USA*



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*Market Knowledge, Institutional Knowledge, Business Network Knowledge, Marketing Intelligence, IBM, Lenovo, China, USA, Knowledge Acquisition, Information Technology, Knowledge Transfer, Knowledge Distribution, Absorptive Capacity.*

## Abbreviations

AC - Absorptive capacity

HR - Human Resources

IBM - International Business Machines

IT - Information Technology

MI - Marketing Intelligence

MK - Market Knowledge

MK&I - Market Knowledge and Intelligence

PC - Personal Computer

PRK - Previously-related Knowledge

R&D - Research and Development

USA – United States of America

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## **Executive Summary**

The following report is written for the management team of Lenovo to suggest the means for the successful market knowledge acquisition and collection as well as transfer and distribution to its newly obtained Personal Computer (PC) unit in the United States of America.

The research group has identified the relevant market knowledge to be acquired, consisting of both institutional and business network knowledge, and suggested Lenovo to pursue a diversified knowledge acquisition strategy by using both internal and external sources for information collection. Thus, various sources of market knowledge have been presented, such as direct experience, indirect experience, external search and internal information. A lot of attention has been paid towards external search; for instance, the company's own market research and marketing intelligence activities such as online sources are found to be relevant sources. The group also recognized the individuals and departments within the PC unit who should be in charge of collecting certain types of market knowledge, based on the collector's previously-related knowledge on the subject in issue.

In addition to the collection process, the report distinguishes the methods for the continuous transfer and distribution of both tacit and explicit knowledge through various organizational activities and practices such as digital platforms, reports in both written and video format as well as training and coaching sessions. Thus it is recommended that the management team of Lenovo uses both virtual and physical transfer and distribution methods. The evolvement of digital and technological solutions should enable the company to utilize the virtual methods even more effectively in the future. This design process strategy is substantive in means of increasing organizational knowledge of the Chinese market as it has an uncertainty-reducing effect, and consequently increases the possibility of market share gains in China.

## **Justification of Theories**

The report takes into account theories and concepts from various academic articles, which act as supporting sources for the proposals made by the research group. It is therefore relevant to justify the usage of the theories and argument the reason why other, possibly relevant academic articles, were not used.

As the main source for knowledge acquisition theories, the research group used articles by Åkerman (2015), Fletcher and Harris (2012) and Huber (1991). These theories were given additional support by marketing intelligence (Wee, 2001) since the acquisition of market knowledge (MK) is seen as a continuous process and the increased availability of online sources acts as a valuable source of data. Moreover, the research group argues that the collectors of the relevant market knowledge need to have previously-related knowledge (PRK) in regards to the specific data they are searching for, also referred to as absorptive capacity (AC) (Szulanski, 1996 and Cohen and Levinthal, 1990). The relevant industry was also briefly touched using Sjøberg (2010). To explain the transfer and distribution of the market knowledge, the scientific article by Nonaka and Konno (1998) was also taken into account since the research group divided the market information into both tacit and explicit knowledge.

The following articles were not used because of either lack of relevance, limited space or they went too deep into specific subjects. The report did not include theories from Kogut and Zander (1992) and Spender (1996) since these articles were mainly concerned with organizational knowledge and the definition of knowledge in general. Articles by Gold et al. (2001) and Grant (1996) were not used because the task of the report did not specifically indicate the study of knowledge management within the unit; thus, it proposes a potential option for further research on the subject. The article by Todorova and Durisin (2007) was also not used, and although it concerns AC, it includes the concept of power which was seen to go “too deep”, especially given the limited page number of the report. Articles written by Teece et al. (1997) and Easterby-Smith and Prieto (2007) refer to dynamic capabilities which were not seen to be a part of the given task. Although organizational learning is covered by Crossan and Berdrow (2003) and Lawrence et al. (2005), their articles were not used in the report as the task was not primarily to address the way companies learn or assess the power relations. Even though Kostova (1999) and Kostova and Roth (2002) relate theory to transferring organizational practices, the task of the report was mainly to transfer MK from China by gathering and collecting data from the market.

Furthermore, competitive intelligence and firm's performance in emerging markets (Adidam et al., 2012) also provides an area for further research, especially in regards to competitor analysis, but the limited space on this particular report did not allow the research group to further investigate the theories in the article. Knowledge creation and knowledge transfer (Boisot and Child, 1999) were largely used in the previous report as it focused on the context of the knowledge transfer; thus, it would have been relevant for this report if the page limit would have allowed expansion on the topic. Audretsch and Thurik (2004) discuss the types of economies which could also have been relevant for the report in relation to the external context; however the research group concluded that the external context was already taken into account by regarding institutional knowledge.

## **1 Introduction**

Lenovo acquired International Business Machines (IBM)'s Personal Computer (PC) unit in December 2004; this acquisition presented many challenges such as transferring knowledge on Research and Development (R&D) and manufacturing from IBM to Lenovo, as well as obtaining relevant elements of Market Knowledge (MK) from Lenovo and other sources. In this report, the research group will focus on the latter scenario. The research group will deconstruct the elements in the market to collect and monitor as well as propose an ideal design for the transfer and suggest a sustainable system to manage ongoing Market Knowledge and Intelligence (MK&I).

The Chinese market cannot be handled as one market as it is rich in diverse societal levels, customs, religions, languages, geographical distance and quantity (Boisot and Child, 1999). Furthermore, China's laws and regulations vary from the ones of Western countries as well as marketing styles and sales strategies.

The PC industry is challenging and highly competitive; at the time of the acquisition, IBM's PC brand was the best known technology brand worldwide and held highly advanced technology in its industry (Zhou and Huang, 2014). Competition in the Chinese markets is fierce, thus MK&I are practices that will give the newly acquired unit an edge to remain strong and competitive.

The mentioned factors and elements, inter alia, will be closely considered by the research group in aims to design a proposal for the newly acquired PC unit to effectively gain and manage the successful acquisition of MK&I. This, in turn, should lead to substantial gains in market share in China, which is seen as one of the most promising PC markets for the future (Savitz, 2011).

## **2 Introduction to the Market Knowledge Acquisition Strategy**

It is suggested that Lenovo follows a diversified knowledge acquisition strategy for this case; by adopting this strategy, Lenovo will use both internal and external sources for knowledge acquisition (Åkerman, 2015). The mentioned strategy is suggested as research shows that firms using this strategy will gain a higher amount of MK. As mentioned by Forsgren (2002) in Åkerman (2015) "increased market knowledge has an uncertainty-reducing effect", thus it raises a strong and secure market involvement of the company. Furthermore, as mentioned by Åkerman (2015), Fletcher and Harris (2011), and Huber (1991), knowledge acquisition sources can be grouped by looking at certain activities. To monitor the previously mentioned elements the interested parties

should make use of those four activities which will help to describe the sources to be utilized:

	<b>Experiential</b>	<b>Objective</b>
<b>Internal</b>	Direct experience	Internal information
<b>External</b>	Indirect experience	External search

Figure 1: Knowledge acquisition sources (own image, sources from Åkerman, 2015)

### **3 Institutional Knowledge and Business Network Knowledge**

In this chapter the research analyzes five areas that are found to be very relevant in regards to this case. Those areas are seen as either institutional or business network knowledge (Åkerman, 2015).

#### **3.1 Marketing and Sales**

Marketing styles in China are quite different than the ones in United States of America (USA) or other Westernized markets (Paull, 2013). It is known that successful marketing includes a good handling of Product, Price, Place and Promotion, known as the four P's of marketing (Marketing Mix, 2015 and Nezamabad, 2011).

The mix of the four P's and the proper management of them will help the interested parties develop a strategy for distributing knowledge of the products to the specific customers; in this case, the focus is on promoting and distributing the PCs to the Chinese market. Thus, it is the key to deconstruct the four P's and recognize the elements within them.

In regards to Product, many elements are to be considered, the most important ones for this case are: the PC brand, the quality of the PCs, options and customization available to the customer, service in regards to customer service and technical help when customers need it, and lastly, PC warranty given that PCs are fragile yet continuously used. In regards to Place, it is important to consider that China is very large and spread out geographically (Démurger, 2002). It is also key to understand that its infrastructure, both physically and virtually, are not fully developed yet (Xu, Mao and Halderman, 2011 and Démurger, 2002). Thus, the main elements to be monitored are: the location of the many target markets (some quite physically distant from one another), the evaluation of location of the manufacturing facilities with the transportation of the product (given the country's infrastructure and freight of goods); and most importantly, how to reach the target market physically and virtually (Paull, 2013). In application to Price, the key elements to be monitored are: payment methods available, what discounts work best, and the price levels of the PC industry in the Chinese market. In regards to Promotion, the elements to be controlled are: styles of advertising, what merchandising

works best, sales styles utilized, and the way how public relations work and are maintained in China (Paull, 2013).

As previously mentioned, the successful management of the four P's will give Lenovo an edge in the given market in aims to remain competitive while being able to meet the targeted customers' specific demands and desires (Marketing Mix, 2015 and Nezamabad, 2011). For the latter to be achieved, learning must happen, which entails acquiring potentially useful knowledge from different sources (Huber, 1991). In the next paragraphs, the sources are observed in detail.

Firstly, direct market experience should be gathered from the ongoing operations and systems by Lenovo's marketing team. The interested parties should communicate and familiarize themselves with the mentioned team to gather MK; thus, this marketing team would act as a direct market experience source in a more tacit form. Secondly, indirect market experience could be obtained by observing what the other marketing teams of competitors are doing. To exemplify, the interested parties should look at the competitor's marketing strategies, learn their overall plan and understand their motives. In detail, Lenovo should realize what customers the competitors are targeting and why, what type of PCs they are selling to which customers, look at what Promotions they are utilizing, observe the Places they occupy and why they have chosen these Places, and understanding their Price strategy in depth. Furthermore, the most important aspect of this set of activities is to learn if the strategies they used succeeded at gaining the targeted customer or not (feedback systems). Thus, in this case, the interested parties would learn by looking at the competitor's successes and failures. The interested parties may also want to hire personnel with vast marketing and sales experience in China. In sum, the mentioned activities can be looked at as a source for tacit MK previously acquired by other parties. Thirdly, external MK could be conducted using marketing consulting firms, speaking with parties that are quite involved with the marketing field in this industry such as marketing gurus and academia, hiring businesses that organize focus groups in aims to gather direct customers' insight and visiting the local chambers of commerce in search of relevant information on the elements mentioned above. Finalizing, Lenovo's internal market information can be gathered from previously recorded data such as internal marketing plans and results, Price strategies and Promotions previously used by Lenovo, historical recollection of interaction with all actors in the market as well as having access to the criteria used for choosing locations in regards to manufacturing and sales outlets. Given that all the

items would have been previously recorded by Lenovo, the mentioned items are considered explicit internal knowledge.

### **3.2 Consumers**

Large parts of the MK to be acquired from the Chinese market are the resources, capabilities and behavior of consumers. This can be identified as business network knowledge as it focuses on the actors within the market and what they are doing (Åkerman, 2015). The consumers are large actors in the business network system; thus, the consumer research can be seen as highly important for Lenovo to understand, given that the newly acquired PC unit has previously operated in mainly USA, where the market vastly differs from the Chinese one. For instance, the Chinese wealth distribution is different than in Western countries given that China only opened up its economy in the 1970s (Collins and Block, 2007). In terms of cultural aspects, for example “face” is an important issue when purchasing items and giving gifts (Qiu, 2011). The consumers are an important aspect for any business to consider; consequently, since Lenovo is aiming to increase the sales of IBM PCs in the Chinese market, it is crucial to understand and learn in detail the needs of the customers in order to reach maximal sales.

The factors to monitor in the Chinese market in regards to consumers are: price sensitivity, purchasing habits, shopping trends, seasonal effects, preferences, needs and demands, motivation, generational differences and gaps, disposable income, decision-making processes, brand loyalty, quality expectations, consumer’s trust in purchase actions and consumer satisfaction.

The MK in regards to consumer behavior is suggested to be collected through various sources: direct and indirect experience, external search and internal information.

Firstly, it is assumed that because IBM has operated in China since 1928 (IBM, 2015), the newly acquired PC unit already possesses direct experience from this particular market. Thus, it becomes relevant to use this knowledge efficiently since a vast amount of it has most likely been acquired unintentionally and unsystematically (Fletcher and Harris, 2012). The direct experience knowledge could be acquired through expatriates and employee rotation.

Secondly, indirect experience can also act as a valuable source for customer knowledge acquisition (Åkerman, 2015). Lenovo has potential to learn from others, both internally and externally. Lenovo’s Chinese units most likely possess information of consumer behaviour in China which could be transferred to the PC unit in USA: this is referred to

as “inter-unit experience” (Kim, Lu and Rhee, 2012 in Åkerman, 2015). As specified by Huber (1991), grafting is another way to acquire MK. Lenovo should aim to hire staff with experience of the Chinese market since these members would most likely have consumer-related knowledge from outside the firm in the foreign market. Fletcher and Harris (2012) state that “recruiting an overseas marketing manager, for example, can bring that individual's experiential knowledge”. Another source of knowledge acquisition would be consults and consultancies as they can provide Lenovo with relevant consumer data and assist the company in understanding the local customers.

Thirdly, Lenovo should make use of external search focused on objective knowledge acquisition in regards to the consumer behaviour. This would not only include using external information from actors such as suppliers and retailers, but various online sources as proposed by Wee (2001). Marketing intelligence (MI) is an ongoing process and the use of the internet as such a tool has increased rapidly. Lenovo could utilize online sources such as social media and different forums (especially technological ones) where consumers discuss the products or ask questions. This would help Lenovo identify customer pain (Burgstone and Murphy, 2012) and in turn, develop its strategies to benefit the needs and demands of the customers. In addition, Lenovo is suggested to partner up with various universities which can assist in market research and provide useful consumer data. External consumer research is also proposed by the research group to be obtained through Lenovo's own market research. This would be conducted by distributing surveys and questionnaires to the customers to monitor their purchasing behaviour. It is suggested that focus groups should not be widely used since the Chinese are usually uncomfortable giving negative feedback in front of others (Collins and Block, 2007) and can be afraid to “lose face”. Thus it would be more beneficial to conduct anonymous surveys, mainly online. On the contrary, since many Chinese living in rural areas do not have access to internet, they could be surveyed via telephone discussions. However, it should be taken into account that many consumers require a motivation to take part in surveys: Lenovo should aim to establish various rewards for participating, such as competitions, free goods or longer warranties.

Fourthly, it should be mentioned that Lenovo can also acquire customer MK from internal information sources (Åkerman, 2015). This is objective knowledge which already exists in the firm and is usually explicit and codified. It is usually available in the firm's Information Technology (IT) systems: however, if this is not the case, Lenovo should establish such a platform where information is efficiently stored and

available for the staff members, such as data banks and e-learning. For example, it is important to store all customer complaints as electronic versions.

In addition to the MK related to consumer behaviour, information on consumer resources such as amount of disposable income and wealth distribution can be found online through websites by the government and governmental agencies (e.g. labor bureaus and statistical centers), Non-Governmental Organizations and consultancies.

### **3.3 Direct and Indirect Competition**

Lenovo operates in the technology sector which has many global and local players. According to Åkerman (2015), competitors would be part of the business network knowledge as it focuses on the actors within the market and what they are doing. Thus, main competitors on the Chinese market should be taken into account.

The PC industry also presents indirect competition given that it is within the technology sector which is known to be disruptive and ever-changing (Ekekwe & Islam, 2014). To exemplify, the PC industry has lost market share not only to competitors of the same industry, but also to other or newly created industries producing substitute products such as phablets, laptops, smart phones and tablets (Kay, 2013). Furthermore, there are specific elements to be monitored from the competition. Some of the main ones are: balance sheets, income statements, quarterly reports, patent and trademark registrations, product development, product launches, strategic alliances, supplier relationships, top management and leaders' acquisition or dismissal, distribution channels, and marketing and sales strategies (Lewke and Kelner, 2007; Anderson and Narus, 1998).

Moreover, the interested parties should pay close attention to the identified elements in order to gain an edge in aims to stay ahead and relevant in the PC industry. As mentioned by Wee (2001) and Søbørg (2010), competitors' intelligence is essential in the technology sector. In the next paragraphs the sources will be divided and explained. Firstly, direct market experience (Åkerman, 2015) should be gathered from the already existing Lenovo operations and systems, which can be considered first-hand experience from the local market. In this case, Lenovo's ongoing operations, such as first-hand knowledge in tacit form from employees that have worked in the relevant areas dealing with competitors would act as a source. For example, travelling Lenovo personnel can act as sources of MK (Åkerman, 2015): Chinese managers could visit the American PC unit to share relevant information and American managers could visit China and share the acquired MK once they return to USA. Secondly, indirect market experience can be

gathered by hiring human talent that has previously worked for competitors, attending technological fairs that experienced industry people attend, participating in relevant business leaders gatherings and by looking at what the competitors have done successfully and unsuccessfully with aims to stay away from learning by trial-and-error which can be quite costly; in this case, competitors' past experience would be the source of tacit MK. The latter action is considered vicarious learning by Huber (1991). Thirdly, external MK search could be conducted using consulting firms, revising trade publications, visiting the local chambers of commerce, revising technology focused blogs and contacting technology focused academia and journalists. Furthermore, Lenovo must utilize the internet as a virtual gate to access some of the elements to monitor such as balance sheets, income statements, quarterly reports, patent registrations, product launches, and top management and leaders' acquisition or dismissal. Given that the internet is not a completely reliable source of information for certain elements (Ackman, 1998), other gates could be used to gather the information on them such as technological fairs, business leaders gatherings, technology blogs and contacting technology focused academia and journalists. Thus, the mentioned activities and entities would act as external sources of explicit MK. Lastly, internal market information can be gathered and utilized towards enhancing the overall MK of the interested parties; this scenario indicates that Lenovo's PRK of the market is a very valuable source for explicit and codified knowledge.

### **3.4 Laws, Regulations and Rules in China**

Like any company doing business in foreign markets, Lenovo needs to monitor and be aware of different laws and regulations in China which is seen as institutional knowledge (Åkerman, 2015). Thus, it is important to observe the development and changes of these laws since it would be highly unbeneficial for Lenovo to break the rules, not only due to the possible sanctions but also because of the possible damage to the brand image and value in the eyes of the consumers.

The laws and regulations to be monitored by Lenovo are related to factors such as taxation, labor regulations, import and export rules such as quotas and tariffs, subsidies, environmental protection, safety standards and intellectual property protection such as patents and trademarks.

As this information is primarily explicit, Lenovo should concentrate on acquiring the knowledge from mainly external sources such as the Chinese and American

governments, governmental agencies, for instance labor bureaus and chambers of commerce (Fletcher and Harris, 2012), various online sources and internal information. To get more in-depth data about the laws and regulations, Lenovo should use other sources of knowledge acquisition such as direct and indirect experience. The experiential knowledge is often tacit, since it is experiential (Åkerman, 2015); even though there are certain laws and regulations within every country, it is essential to understand that the way the laws are followed differs between countries. That is why it is necessary for Lenovo to also consider the experiential factors and to learn how binding the legal system actually is: this is related to other institutional knowledge such as culture, norms and practices. For instance, if a foreign firm enters the Chinese market and only pays attention to the formal rules without taking the informal rules into account, they might miss out on opportunities due to the lack of consideration of *guanxi* (Brennan and Wilson, 2008). This type of information related to culture, norms and practices can be gathered from not only the direct experience Lenovo and IBM have from the Chinese market, but also through consultants and by hiring staff with experience of working with Chinese laws such as hiring company lawyers who are either Chinese or have previously worked in China.

### **3.5 Chinese Keyboard**

The keyboard is quite standardized in the Western world with only a few changes to some letters because of the usage of the Roman alphabet. However, when typing Chinese with a computer some problems occur; this is due to the fact that to be able to manage Chinese at a basic level, the writer has to know at least 2000 characters and to be able to manage academic Chinese, 5000 characters are needed (Kinney, 2012).

The high number of characters makes designing a computer keyboard more complex and thus, the PC industry is still lacking efficient solutions to this problem. A Chinese keyboard with 2000-5000 keys is inefficient to use; for that reason, other typing systems have been developed. The most common Chinese keyboard system has 24 “roots” from Chinese language. By combining different “roots” the writer creates characters. Thus it is assumed, that unlike the Western keyboard, the Chinese keyboard is likely to have some major changes in future in order to make writing faster and more efficient (Kinney, 2012).

The development of the keyboard can be seen as both technical knowledge (Fletcher and Harris, 2012) as well as institutional knowledge as it is related to language (Åkerman, 2015). Monitoring how the Chinese keyboard is evolving is essential for

Lenovo's business since if a new and more efficient way to write Chinese with computers is invented, the company has to be able to react fast to develop their computers in order to maintain the market share that it holds in China. The knowledge acquisition sources for the keyboard development are mainly external. For example, using indirect experience as sources of knowledge, such as "imitating the behavior of other established firms which has the potential to improve firm operations" (Fletcher and Harris, 2012) can provide to be a useful way to monitor the market. Thus, by following and perhaps mimicking competitors closely is one way to monitor the development of the Chinese keyboard, and to learn from others. External search is also a crucial source for knowledge acquisition in this case: Lenovo should actively follow what is written in Chinese online forums about writing with computers and through that, sense the major areas of customer pain and try to find solutions to the particular keyboard problems identified in the forums. Thus, the interested parties would be able to use this knowledge and consequently develop their own keyboards to using the needs, demands and ideas of consumers. Marketing intelligence (Wee, 2001) plays a large role in external search as Lenovo should aim to continuously monitor the market through various online sources such as the forums mentioned above. Additionally, Lenovo should combine direct experience and internal information to understand the keyboard development by for instance using Chinese personnel and their experiences and data as sources of knowledge.

#### **4 Market Knowledge: The Collectors**

It is proposed that all relevant MK is collected by personnel who are familiar with the subject at issue. Since the AC of a firm is related to the previously acquired knowledge on the matter (Cohen and Levinthal, 1990), it is essential that the employees in charge of collecting the data know what they are looking for and are able to filter the knowledge accordingly.

Thus, it can be said that all MK related to technical features and product development, such as the Chinese keyboard, is collected mainly by staff from the R&D department (e.g. engineers, scientists, technicians). These are the employees who will collect data from sources such as technical websites, forums, fairs and exhibitions and competitor spillovers.

It would be up to higher level managers in relevant units to participate in MK collection from networking events such as business leader gatherings, trade fairs and conferences. Sending the right personnel to these events is dependent on what business area the

managers operate in and what MK is to be acquired. For instance, to take advantage on financial knowledge, Lenovo should send managers from their finance department to attend the event.

The MK concerning competitors is suggested to be collected by staff which has previously either worked for a competitor or have conducted business with them; thus, the collector should have had previous contact with competitors, which enhances future learning as it is path dependant (Cohen and Levinthal, 1990). Also, the Human Resources (HR) team of Lenovo should be responsible for collecting MK on competitor's top management acquisitions and dismissals.

Physical knowledge acquisition from the government and governmental agencies should be conducted by a higher ranked manager as the sources of MK might not be willing to share the data with lower-ranked employees due to the high power-distance of the Chinese culture (Hofstede, 2015). The same knowledge acquired virtually can usually be collected via a regular employee. Thus, most external search can be conducted by any relevant staff member, thus they do not have to be a manager. However, it is of great worth to remember the same principle as for all knowledge acquisition: the collector has to be acquainted with the topic before they are able to successfully extract MK from various external sources. For example, when using universities as sources, the collector should have a background with working for universities or have a higher degree, or when collecting knowledge about laws and regulations the collector should be a lawyer or at least have some prior experience from working with legal matters.

Given that the knowledge collection process through consultancies is outsourced by Lenovo, the firm only receives the results and is not a part of the actual data gathering. Keeping this in mind, Lenovo should consider which consulting firms and experts to hire in order to avoid situations where the consultant may be also working for a competitor or indirect competitor, resulting in biased views or limited motivation of the source to share certain information.

## **5 Market Knowledge: Transfer Design**

This chapter explains how the diverse types of marketing knowledge, categorized into explicit and tacit knowledge, can be transferred from the Chinese market to the PC unit.

Explicit- This type of knowledge can be easily codified and fairly easy to communicate (Nonaka and Konno, 1998). It is also referred to as being objective knowledge by Åkerman (2015).

The explicit MK can be acquired through:

Online sources (websites, blogs, forums, media)
University research
Own market research (surveys, questionnaires)
Marketing intelligence (MI)
Lenovo's own Information Technology (IT) systems, archives and databases
Governments
Governmental agencies (e.g. labor bureaus, chambers of commerce and statistical centers)
Consultancy firms
Newspapers, magazines and books

Figure 2: Sources of explicit market knowledge (own image)

It is proposed that the MK is transferred into separate digital platforms, in which they would be sorted out and categorized appropriately. It is important that the data is stored in a clear, precise manner and filtered in order to prevent an overflow of data. For example, all customer surveys conducted through telephone should be recorded and the data gathered into written form and stored in electronic files so that they are accessible for all relevant employees within Lenovo.

It is essential to “piece together items of information” (Huber, 1991 p.100) from different sources according to the topic. Thus, it is suggested that a separate organizational unit of Lenovo is established, where the employees are responsible for grouping and storing the acquired MK into electronic data banks. These employees would also act as “gatekeepers” (Cohen and Levinthal, 1990) or “boundary spanners” (Huber, 1991 p.98), controlling the information which is entered into the system. This particular unit would consist of employees from all organizational departments such as marketing and sales, R&D, finance and HR as their AC (Szulanski, 1996) is assumed to be higher than of those employees who are not working in that particular area of expertise.

Tacit- This type of knowledge is not easily codified and is difficult to communicate and share with others (Nonaka and Konno, 1998). It is also referred to as being experiential knowledge as proposed by Åkerman (2015).

The **tacit** MK can be acquired through:

Hiring staff with experience from the Chinese market (e.g. managers, lawyers)
Hiring consultants and experts
Competitors, suppliers
Expats, employee rotation and travelling personnel
Conferences, trade fairs, exhibitions and seminars

Figure 3: Sources of tacit market knowledge

As Nonaka and Konno (1998) state, tacit knowledge is mainly transferred through “direct interaction”. However, through the evolvement of IT solutions, different digital solutions are available such as videos where the knowledge can be documented.

Nonetheless, it would be of great use to transfer the tacit knowledge into explicit knowledge. An example of transferring tacit to explicit knowledge is through expatriates: when they return back to USA from China, they would be expected to write a report and follow-up on what MK they have acquired which would then be distributed to all organizational members of the PC unit.

## **6 Market Knowledge: Distribution and Diffusion**

According to Huber (1991, p.100) “information distribution is a determinant of both the occurrence and breadth of organizational learning”. It is necessary to suggest methods which assist distributing the acquired MK inside Lenovo’s PC unit in USA. It is argued that through diverse and multi-dimensional distribution processes, it becomes more probable that the knowledge is shared efficiently, leading to enhanced learning of individuals as well as departments and units (Huber, 1991). Organizations often “do not know what they know” (Huber, 1991 p.106); thus, it is crucial to distribute the acquired knowledge in a manner which takes all relevant departments at the PC unit into account. A large part of this is enabled by modern IT solutions which can significantly improve the knowledge distribution within the unit.

The research group has divided the knowledge distribution suggestions according to explicit and tacit knowledge (Nonaka and Konno, 1998) and made the following propositions for Lenovo:

### Explicit knowledge

- ❖ Create a virtual board with the most updated MK data and routines in place.
- ❖ Yearly, monthly and weekly reports in written format sent to staff email.
- ❖ All employees should have limited access to the company databases in search for data.

### Tacit knowledge

- ❖ Yearly and monthly reports in video-format. Presented to employees in order to show what has happened in China that can influence the PC business, e.g. trends, new innovations, and substitute products. It is important that these videos are presented to all employees, despite their unit or position: one does not have to be a manager to come up with a great idea to boost the business.

- ❖ Organize company gatherings outside of work such as weekend trips, happy hours and sporting events so that all departments can interact with each other to enhance communication with the goal of increasing tacit knowledge transfer.
- ❖ Allowing different units to interact with the marketing department by sharing and borrowing staff members from other departments temporarily with the goal of allowing them to be exposed and acquire tacit knowledge.
- ❖ After each overseas mission in China, the expatriates of the PC unit should hold seminars and presentations to the unit in USA to distribute the MK they acquired during their time abroad.

#### Explicit and tacit knowledge

- ❖ Daily and weekly meetings to inform and update the relevant parties with newly acquired MK and routines in place.
- ❖ Training and coaching sessions with employees. This should be conducted by expatriates or other personnel with direct experience from the Chinese market.
- ❖ An open door policy which means anyone can go to any department with feedback, comments, questions and suggestions. This will enhance communication leading to an efficient distribution of knowledge.
- ❖ “Wall-less companies”, in which physical divisions do not exist: thus, everyone is exposed to all conversations, actions and resources. The mentioned strategy helps make everyone work as one unit with different responsibilities but access to everyone’s knowledge and talent.

### **Conclusion**

In this report the research group focused on recognizing which elements and sources can facilitate the ideal acquisition of MK in the PC unit in regards to the Chinese market. After having recognized the elements and sources, the research group was able to craft the ideal transfer and distribution of the gathered information. Yet most importantly, all those items were combined for the research team to create a customized mold for Lenovo’s newly acquired PC unit in aims to gather MK in China in a repeatable routine fashion. After achieving the latter, the research team concludes that it is of utmost importance to enhance the company’s MK&I to remain competitive in such a large, different and diverse market by using the provided guidelines.

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