



JOURNEY TO THE EAST:

HOW SWEDISH COMPANIES
CONDUCT COMMUNICATION
IN CHINA - A MINI WHITE PAPER

KREAB
WORLDWIDE



SWEDCHAM.CHINA
中国瑞典商会

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CONTENTS

1) BACKGROUND AND METHODOLOGY	4
2) NAVIGATING COMMUNICATION: PR, PA AND MARKETING	5
3) KEY FINDINGS	8
4) CONCLUSION AND SUGGESTIONS	18

1) BACKGROUND AND METHODOLOGY

Swedish enterprises have a long history of operating in China. Over the past century, and especially since China's economic reform in 1978, innovative and groundbreaking Swedish companies had proactively contributed to many milestone developments in China's economy. In the current fast-changing world, despite many never-before-seen challenges and difficulties in front of us, Swedish enterprises continue to thrive and grow in China, which is arguably the world's largest market.

Two questions dominate about how Swedish companies were able to manage their success, navigate challenges, and function on an operational level in China:

A) how do Swedish companies communicate with the Chinese public, authorities, and partners to deliver their business ideas, sell their products, and integrate their ESG concepts with the locale?

And...

B) how do Swedish companies in China communicate with their headquarters to report on the reality of the Chinese market?

Bearing these two questions in mind, Kreab Beijing and SwedCham China came together to seek answers. In the past months, we conducted in-depth interviews with colleagues of 8 renowned Swedish companies operating in China who are in charge of communications, public affairs, and marketing, learning from their first-hand experience to consolidate this mini white paper. In this mini white paper, we present you with the complexities of conducting communications from the ground in China. We hope this will help Swedish companies better understand what's happening here, and what else you can do to enhance two-way communications between the HQs and local branches.



✦ Polestar 极星

SEB

VOLVO

A WELL-KNOWN
SWEDISH MEDICAL
DEVICE COMPANY



2) NAVIGATING
COMMUNICATION:
PR, PA AND
MARKETING

2) NAVIGATING COMMUNICATION: PR, PA AND MARKETING

I. WHAT IS COMMUNICATION?

Communication is the key to helping organizations and individuals present and articulate themselves to their stakeholders while letting the organization and individual better learn about what their target audiences think about. The work of communications is often two-way, and is essentially the same as having meaningful conversations between two people. Usually, the parties have different beliefs, interests, values, and mindset, but through communication, they may find common ground to establish mutually beneficial partnerships.

In modern corporations, Public Relations (PR), Public Affairs (PA), Marketing, or the more general communications departments often share overlapping functions and strategies. The goal is to convince your target audience to trust your organization. In our interviews with executives in charge of a variety of

departments – all related to communications – we found common ground that may bring refreshing ideas and perspectives about conducting communication in China. On the other hand, some exceptional cases may also provoke new thoughts on communication strategies at the local level.

In many cases PR, PA and marketing & communication departments have overlapping functionalities for Swedish companies in China. A majority of the executives interviewed, regardless of department, said they cover other communication functions, because many companies (but not all) usually have one or two of these departments locally.

Before we dive into key findings of this mini white paper, it is necessary to lay the groundwork to define the following key terminologies.

**PUBLIC RELATIONS -
PUBLIC AFFAIRS - MARKETING**

PR

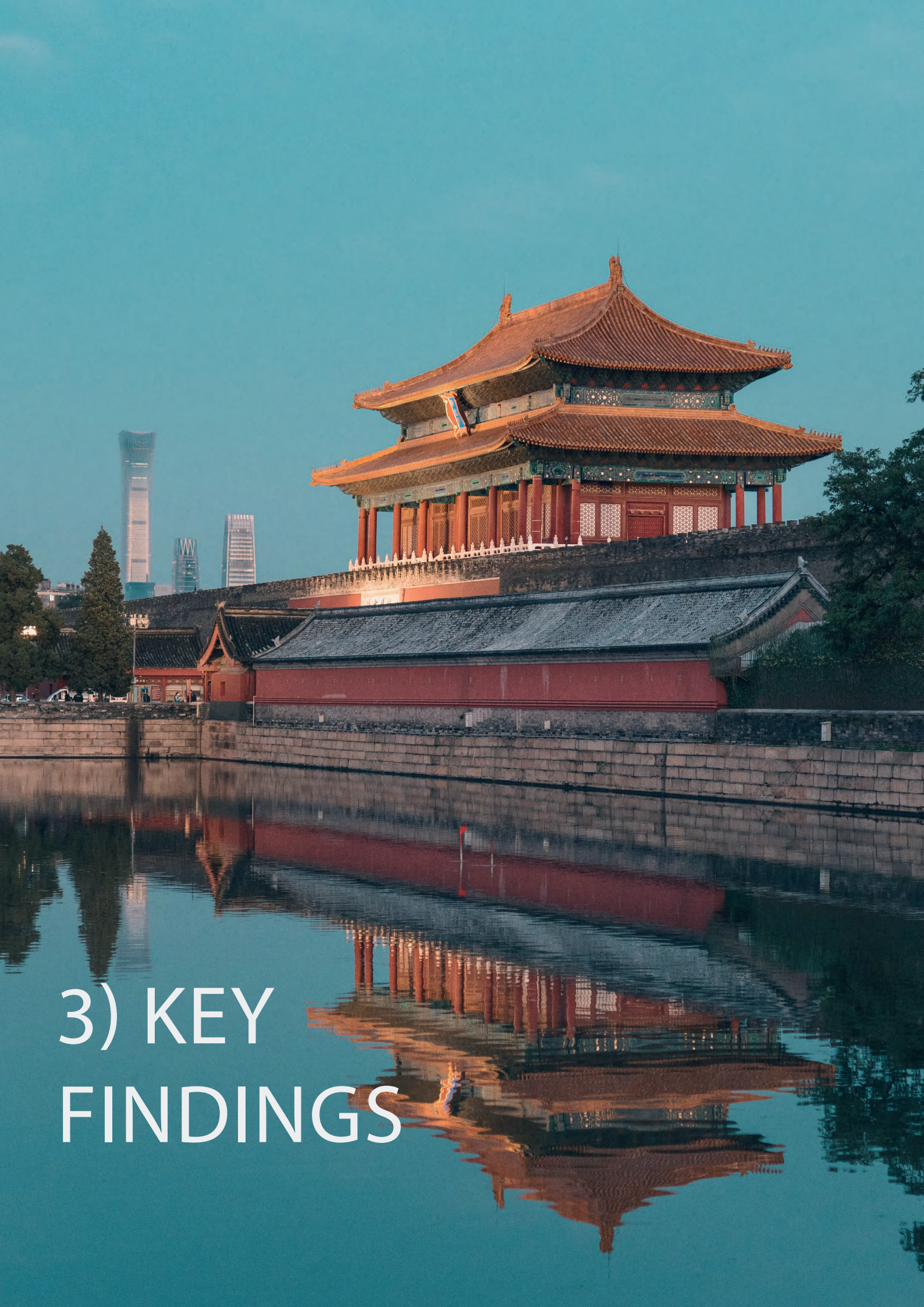
Public Relations (PR) is the set of techniques and strategies related to managing how information about an individual or company is disseminated to the public, and especially the media. Its primary goals are to disseminate important company news or events, maintain a brand image, and minimize reputational damage in a crisis. PR may occur in the form of a company press release, news conference, interviews with journalists, social media posting, or other areas. This is the most seen department/function for the majority of companies interviewed.

PA

Public Affairs (PA) work combines government relations, media communications, issue management, corporate and social responsibility, information dissemination and strategic communications advice. Public affairs practitioners engage stakeholders to explain organizational policies and views on public policy issues, assisting policy makers and legislators in amending or laying down better policy and legislation. According to the interviewees, PA is quite different in China – it is more networking and sometimes providing advice and recommendations to the authority rather than directly influencing the government and legislature.

MARKETING

Marketing refers to activities a company undertakes to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products to consumers or other businesses. Some marketing is done by affiliates on behalf of a company. Promotions are targeted to certain audiences and may involve celebrity endorsements, catchy phrases or slogans, memorable packaging or graphic designs and overall media exposure. At the interviewed companies, those covering marketing functions usually blend marketing and communication (“marcom”), using tools including advertising, direct marketing, sponsorship, communication, public relations, social media, and promotion.



3) KEY FINDINGS

3) KEY FINDINGS

Swedish companies apply diverse strategies in conducting communications in China, which in most cases align with companies' local business goals. Some companies have a strong need to advocate and amplify major developments through media, which the PR department, or in many cases the communication department, will use as the main force to deliver the message to the target audience. Some companies' communication departments operate closely with marketing, which is more "Marcom" (market communication) as their business directly targets retail customers. Some companies rely on GR in China to achieve their communication goals as their businesses have quite strong ties with policy-makers and local authorities rather than directly with customers.

In our interviews with the executives, we gained valuable insights that may inspire Swedish companies to devise new communication strategies in China. The keywords of the findings are localization, sustainability, agencies, geopolitical tension and government relations.

A. GREAT LOCALIZATION MAKES COMMUNICATION A SUCCESS

Most interviewees agree that nicely targeted and localized content will make communication successful. Swedish companies need to not only deliver key messages in mandarin Chinese but also pick, highlight, and emphasize the most appropriate portions of the message to

maximize effectiveness. The Chinese market may have lukewarm reactions to the concepts and messages that the Swedish market embraces. Likewise, some messages that the Swedish public finds uninteresting can be quite welcomed in China. For example, when it comes to electric vehicles, Swedish consumers are usually attracted by how EVs could contribute to sustainable development, while Chinese consumers want to learn in detail key features like range and price-quality ratio. For distribution channels, social media, especially WeChat public accounts, is becoming a must-have for Swedish companies operating in China and is in some cases even more important than the companies' official websites.

"CONTENT IS KING".

3) KEY FINDINGS

I. CONTENT

Targeted, intriguing content is the foundation for successful communication. When introducing company stories, products, design concepts, and technology to the Chinese market, many Swedish companies make similar decisions to localize the ones that may interest the local audiences for better resonance, presenting them in a way palatable to the Chinese audience. Here are some interesting comments shared by Swedish executives:

Sharron Wu, Ericsson:

“China’s tele-communication industry is quite advanced today. It is quite important we have local communication strategy based on our unique value proposition in China and select what is relevant to China to do the activation and localization. We found that the visionary statement, technology trend, global pilot reference are always valuable to China market. Our China story, such as our joint development with our local customers and partners are also important to demonstrate our commitment to China market. We play the role in how to bring the new technology to China and to help China integrate to global communication.”

Inge Zhou, Volvo Group:

“Content is king. Our content is two-fold the first chunk follows the HQ messages, i.e., localizing HQ or global key messages that brings cutting-edge and future oriented business strategy and global practices; but the second chunk, the locally developed content in China, is equally important. We believe

content is the core, and we work together with our business operations closely to acquire the most exciting local stories for local stakeholders.”

Kiki, Polestar:

“Firstly, we localize the content from HQ to China for the purpose of delivering key messages of our brand. However, meanwhile, the content needs to be fine-tuned to target the local audience.”

II. CHANNEL

More and more Swedish companies are expanding their communication channels actively in China. Beyond the rather traditional combination of official website and traditional media campaigns, Swedish companies are exploring new potential for traction, targeting various audiences, especially China’s dominating social media platforms for companies: WeChat public account, and rising short-video platforms like Douyin (TikTok), Bilibili and WeChat’s video accounts.

Josie Huang, Ecolean:

“We localize content from our HQ, and work with local agencies to generate and publish the content, on platforms like our WeChat Public Account. WeChat is quite valuable to us, for one, we want to deliver company messages to our clients quickly, and secondly, it is now vital for us to present our company to potential clients [in China].”

3) KEY FINDINGS

COMMUNICATION CHANNELS MOST USED BY SWEDISH COMPANIES IN CHINA	
Online	Official website
Social media	WeChat Public Account
	Bilibili
	Douyin (TikTok China)
	WeChat video account
	Weibo
	Livestreaming platforms
	Traditional media engagement
Site visit	
Product experiencing event	
Media roundtable	
Panel discussion	
Media workshop	
Marketing material	Brochure (print and e-version)
	Interactive pages/HTML5
	Flyers (print and e-version)
	Infographics

3) KEY FINDINGS

B. SUSTAINABILITY DIFFERENTIATES SWEDISH COMPANIES FROM THE OTHERS

Swedish companies are well known for their rooted recognition of sustainability. All interviewees shared how their companies communicate their understanding and practices of sustainability to key audiences. As China has proclaimed its 30/60 goal for carbon peaking and neutralization, it is now a great opportunity for Swedish companies to pitch their sustainable concepts and practices to the Chinese audience.

Josie Huang, Ecolean:

“Our company cares very much about sustainable development, especially the environmental impact that our product brings to the planet. In our communications, the most frequent words are “low-environmental impact”, “low carbon footprint”, “reduce wastes”.

Mawin Cui, IKEA:

“Sustainability is one of the most frequent topics we talk about in our communication works. On top of engaging with media, we also partner with government agencies to work on projects that may bring sustainable development to certain sectors, and create positive impact together on people, society and the planet. For example, in Xishuangbanna, Yunnan province, we connected with the Ministry of Commerce, Xishuangbanna local government, and local farmers and we are

working closely on a journey to explore how we could bring a more sustainable approach to harvesting rubber and integrating [it] into IKEA’s supply chain. The engagement begins with effective communication, which our department oversees”.

Inge Zhou, Volvo Group:

“Sustainability is an essential part of our business strategy. From long-term sustainable development plans to daily operations, it is built into our DNA. For example, this year is the 30th anniversary of Volvo Group in China, and we will highlight our HQ’s annual sustainability report combined with our local sustainability practices in China. We believe it is very meaningful to introduce the significance of sustainability to the local stakeholders and get their engagement as well”.

3) KEY FINDINGS

C. AGENCIES: AN IMPORTANT PARTNER CONDUCTING COMMUNICATIONS IN CHINA

The majority of interviewed Swedish companies rely on communication agencies or other specialized vendors to do communications in China. Whether local vendors or multinational communication agencies that provide localized services, they are great resources for Swedish companies to carry out communication plans efficiently. This “efficiency” involves both delivering the right message in a locally appreciated approach and accomplishing a successful communication campaign in a relatively short period of time. In some cases, Swedish firms hire agencies to do internal communications, and some do not have the need to engage with media locally.

Inge Zhou, Volvo Group:

“In necessary cases, we work with professional agencies or vendors for e.g., media monitoring, big events, corporate video producing, etc. We see them as partners who assist us to deliver our messages to the target audience”.

Mawin Cui, IKEA:

“For us, we work together with agencies who partially support our internal communications. Our external communications work, namely media relations, government relations, risk management, and change management, are in fact done in-house”.

“DELIVERING THE RIGHT MESSAGE IN A LOCALLY APPRECIATED APPROACH”

3) KEY FINDINGS

D. ENCOUNTERING GEOPOLITICAL TENSIONS: RUMORS VS. REALITY

Politically, China and Sweden have heated disputes that impact Swedish companies in China. However, problems and achievements reflected in the media, whether Western or Chinese, are usually not the whole picture of the reality of Swedish companies in China. It is vital to gather information from multiple sources, such as both Western and Chinese media through media monitoring, social media on both sides of the world, and of course first-hand information from employees in China to foresee and manage potential risks caused by geopolitical tensions. Active engagement and commitment of the HQ management team when dealing with local concerns are critical to comfort local employees during turbulence or sudden changes like city lockdowns and supply chain crises.

I. INTERNAL COMMUNICATION

Internal communication is increasingly important since the COVID-19 pandemic, which has made international travel extremely difficult. For over two-and-a-half years, international travelers in many cases have decided not to come to China due to China's COVID policy unless a physical presence in China is unavoidable. That makes more frequent and efficient internal communication more valuable than ever. Chinese branches of Swedish companies, as reflected in the

interviews, need to pay extra attention and effort to inform the headquarters about the reality in China, ranging from the constantly changing COVID policies to the economic performance, and sometimes China's standpoint on international affairs and the government's attitude toward foreign investors.

Government Affairs executive from a well-known Swedish medical device company:

"It requires a local mindset when doing government affairs in China or any countries and regions. Apparently, that is different from what government affairs are in Europe, and it is dangerous to walk into the local market with arrogance. For example, yes, companies are entitled to make strict internal compliance regulations, but if the company decides to enter a market where the laws and regulations may conflict with company rules, the cruel fact is that the company needs to first comply with the local market's law and regulation before the company's rules."

Lulu, Polestar: "When it comes to sharing what's happening locally to our HQ, I think it is vital for the local team to deliver a well-rounded package of information to support the HQ to understand China. Other than internal "reporting" local situation, we have also found chambers like the SwedCham helpful in objectively reflecting what's happening in China".

3) KEY FINDINGS

II. RISK MANAGEMENT

Ongoing geopolitical tensions have significantly increased the chance of reputational and operational risks for Swedish companies in China. Interviewed executives agreed that long-term planning and continued communication efforts are essential to prepare the companies for potential risks. In addition, HQ support is greatly appreciated by local employees when dealing with local risks.

Sharron Wu, Ericsson:

“We have great support from the headquarters amid risk management. Our CEO requests special meetings with Chinese employees and engages with the Chinese media to explain the situation during early stage of the challenging times. We are very much moved by that.”

Government Affairs Executive from a well-known Swedish medical device company:

“Nowadays, with the boom of information technology, foreign enterprises are under the supervision by government, clients, peers and the general public. It is a daily work for companies to maintain a positive image, despite PR or GR. One should not wait until a risk happens to work on building the positive image.”

“ONE SHOULD NOT WAIT UNTIL A RISK HAPPENS TO WORK ON BUILDING THE POSITIVE IMAGE”.

3) KEY FINDINGS

III. GOVERNMENT RELATIONS

Conducting government relations in China is very different from the West. For example, there is no “lobbying” in China. And GR is by no means simply buying dinner and giving gifts. There are channels and ways for foreign enterprises to communicate and provide advice to the authorities and policy makers. Channels vary for different businesses, but usually it is a long-term effort to build the mutually beneficial relationship. Interviewees reflected that all levels of Chinese government are increasingly interested in hearing from enterprises, especially leading and impactful companies, whether they are foreign, state-owned or private. Foreign enterprises now have more chances to approach, meet with and partner with government agencies professionally, and that requires companies to be more active do so.

Thilo L. Zimmermann, SEB:

“For us, the government affairs/public affairs [are] usually with the regulators. At the local level, we work closely with foreign chambers when seeking to advocate towards the authorities.”

Government Affairs Executive from a well-known Swedish medical device company:

“When we do government relations here, we are here to maintain a positive image for the company. In details, we actively approach authorities at the national and local level and partner with them for training programs and compliance. For example, for our [medical] device, it requires skilled professionals to

operate and conduct maintenance which are rarely seen outside of major cities. Hence, we not only do training programs at metropolitan areas, but also help training those at county levels (suburban areas) to elevate medical services. The success of the training program is mutually beneficial for residents, local governments, and our company.”

Frank Zhao, Assa Abloy:

“As the group’s GR, we do GR on behalf of all subsidiary companies and brands in China. We linked up our business units with Ministry of Commerce (MOFCOM), National Development and Reform Commission (NDRC) to Ministry of Public Security on the central government level and also with local authorities for various topics, depending on what we need to communicate with the authorities. For example, with NDRC we usually talk about the potential for deepening investment, and with Ministry of Public Security we usually discuss about product security standards and coordinate with our local factories for implementation. From regional GR perspective, we work closely with local government where we have factory to protect our business interests and pursue government supports, promote sustainable solutions for environmental protection.

In addition, GR team also works with our product team to participate relevant product standard making or update, leverage our global expertise to improve China product standards. As a functional department, GR plays a significant role to support business growth.”

3) KEY FINDINGS

E. EXCEPTIONS: NO LOCAL PR NEEDS

Local mass media usually is the most frequently used channel for Swedish companies to communicate with the public in China. But there are some exceptions. Companies that have no need or only occasional demand for media engagement usually will remain silent on mass media in the local market and target their stake holders through closed-door meetings locally. For some companies they may engage with media outside of Chinese market to talk about their businesses in China.

Thilo L. Zimmermann, SEB:

“We do not have media engagement in China locally. The reason is quite simple. I think we have a very, very defined, thereby relatively smaller target audience. There’s very little use for me to communicate with local media. We mainly, in fact, engage with the Swedish and German media from China, which includes interviews and press releases.”

“WE ACTIVELY
APPROACH
AUTHORITIES AT
THE NATIONAL AND
LOCAL LEVEL”.

4) CONCLUSION AND SUGGESTIONS



4) CONCLUSION AND SUGGESTIONS

In general, most Swedish companies are thriving in China during this relatively difficult time, and the communication work conducted locally play an irreplaceable role in the companies' success. Whether the audiences are government agencies, supply-chain partners, clients, or the public, Swedish companies and their local communication teams found their best methods to communicate with each other. However, there are still challenges that may need our peers' further attention. Based on what we learned from the interviews and decades of experience consulting for our clients, here are some suggestions to improve your company's communication work in China:

A. BANK ON LOCAL OFFICE AND PARTNERS FOR ON-THE-GROUND INSIGHTS

- It is very important to acquire first-hand information and learn about China's policy, social sentiment, and business environment directly from local office and local partners.
- For headquarters, views about China are usually influenced by regular diet of Western press which may not reflect the whole picture of what's happening locally. Frequent on-the-ground information gathering will help headquarters to at least gain an all-around image of the local Chinese market.

B. MEDIA AND POLICY MONITORING ARE ESSENTIAL

- Active and timely media and policy monitoring help both local branches and the HQ to stay alert for major changes, taboos, and business opportunities in China.
- Good translation of Chinese news and policy are essential. It's particularly important to abstract the essence from unfamiliar political jargon commonly seen in official statements and state-owned media reporting.

C. COMMUNICATION RELIES ON LONG-TERM EFFORTS AND ONGOING SUPPORT

- Communication is not a one-day job. It needs long-term planning and in-detail practices to slowly build reputation.
- Have patience and evaluate communication works with long term perspective.
- Strong HQ support of local offices is vital to successful communications, both internal and external.

4) CONCLUSION AND SUGGESTIONS

D. ALWAYS BEAR SENSITIVITY IN MIND

- Sweden and China are very different countries. A localized mindset will help Swedish companies to avoid touching sensitive topics during communication, whether political or cultural.

E. SOCIAL MEDIA DATA – FROM QUANTITY TO QUALITY

- Yes, China has over one billion netizens who are active on all kinds of social media platforms, but the base number has no correlation with the quantitative performance of a Swedish company's social media account on WeChat or Weibo. It is more about the number of the company's target audience.
- It is important to differentiate quantity from quality – the more targeted the content on social media, the smaller the number (of views/followers) one usually sees. On the other hand, the targeted content will help the company to acquire more loyal followers who really understand and care about the company's messages.

F. BEYOND LOCALIZATION – LET THE LOCALS DELIVER KEY MESSAGES THROUGH LOCAL LENSES

- Content needs to be well-localized. In many cases, it requires hand-picked original content from the HQ, and selectively translation and transformation of those content with a local tone.
- We suggest Swedish companies produce more tailor-made content that interests Chinese audiences.



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