Cultural Influence on the Success Factors of Business Models
A Multiple Case Study with Volvo Construction Equipment

Master Thesis within Business Administration
Authors: Tamara Katharina Kürzdörfer
José Carlos Santana Lopes
Tutor: Anna Jenkins
Jönköping May 2013
Abstract

The area of business models has enormous influence on the success of companies. There are a lot of studies about the aspects and success factors of business model implementations. Even though several approaches on this issue were made, only a few scientific materials on business models in an international context exist. However, the recent developments in the global economy clearly illustrate that nowadays for companies it is crucial to transfer their already developed business models to other countries with different cultures in order to keep a competitive advantage as well as a strong position in their corresponding industry. For this reason, the purpose of this thesis is to analyze if similarities across countries in terms of the successful interaction between the certain actors and involved parties of a business model are due to their similar culture. Therefore we carried out a multiple case study with the company Volvo Construction Equipment (Volvo CE) which transferred their unique business model for Special Application Solutions to their own dealer sites worldwide. Among other countries this model was successfully implemented in the four countries Germany, Denmark, Sweden and Finland which have a similar cultural background according to Hofstede's (1983) cultural dimensions. Based on this fact we researched the patterns of success factors across the business model implementations in the dealer sites of the four countries and tried to identify whether those success factors are influenced by the surrounding culture. Our findings obtained both culture-dependent and culture-independent connections. However, the most of the business model elements are strongly influenced by the Nordic culture of these countries, whereas only a few are weakly influenced - namely the value proposition, the revenue stream and the cost structure. We could not find any indication for a cultural impact for these three components. That is why other aspects like the specific industry or the particular customer needs could be an alternative explanation. The results of this study will not only be essential for academic research due to implications for the science but also of major relevance for companies willing to expand their business to foreign markets. As a recommendation they should pay great attention to the right implementation of the success factors in order to operate efficiently but also keep in mind the specific conditions and requirements of the corresponding industry.
Table of Contents

1 Introduction ................................................................................................ 1
   1.1 The Importance of Business Models ..................................................... 1
   1.2 Business Models in the Context of Internationalization ....................... 1
   1.3 The Influence of Culture on Business Models ........................................ 2
      1.3.1 Statement of Purpose ..................................................................... 3
      1.3.2 The Research Question of this Study ............................................ 3

2 Framework of References about Business Models .................................... 4
   2.1 Research Procedure ............................................................................. 4
   2.2 Literature Review about Business Models ............................................. 5
      2.2.1 Concepts of Business Models ......................................................... 5
      2.2.2 Strategic Business Model Approaches ............................................ 8
      2.2.3 The Performance of Business Models ............................................. 11
      2.2.4 The Cultural Impact on Business Model Performance ..................... 12

3 Methodology .............................................................................................. 15
   3.1 Research Model .................................................................................... 15
   3.2 Research Design ................................................................................... 15
      3.2.1 Multiple Case Study ..................................................................... 16
      3.2.2 Sample ......................................................................................... 16
   3.3 Research Design ................................................................................... 18
   3.4 Research Questions ................................................................................ 19
      3.4.1 Value proposition .......................................................................... 19
      3.4.2 Customers ..................................................................................... 20
      3.4.3 Infrastructure ................................................................................ 22
      3.4.4 Financial Viability ........................................................................ 23
   3.5 Analysis Design ..................................................................................... 24

4 Research Findings ....................................................................................... 26
   4.1 Empirical Case ....................................................................................... 26
   4.2 Results & Discussion ............................................................................ 27
      4.2.1 Value Proposition .......................................................................... 28
      4.2.2 Customer Segments ....................................................................... 28
      4.2.3 Distribution Channels ..................................................................... 30
      4.2.4 Customer Relationship .................................................................. 31
      4.2.5 Key Activities .............................................................................. 33
      4.2.6 Key Resources ............................................................................. 33
      4.2.7 Key Partnerships .......................................................................... 34
      4.2.8 Revenue Stream ........................................................................... 37
      4.2.9 Cost Structure .............................................................................. 39

5 Conclusion ................................................................................................ 41
   5.1 Limitations ........................................................................................... 44
   5.2 Further Research ................................................................................... 44

List of references ............................................................................................ 46
Figures

Figure 1  RCOV framework of Demil and Lecocq ............................................................. 9
Figure 2  Business Model Canvas ......................................................................................... 10
Figure 3  Sources of value creation ..................................................................................... 12
Figure 4  Cultural dimensions according to Hofstede .................................................... 17
Figure 5  Special Application Solutions ............................................................................... 26
Figure 6  Volvo CE product range ....................................................................................... 27
Figure 7  Volvo’s Business Model ......................................................................................... 27
Figure 8  Percentage of Special Application Solution customers .................................. 30
Figure 9  Different categories of payment ........................................................................ 37
Figure 10 Percentage of the turnover .................................................................................. 38

Charts

Chart 1  Associated interpretations of the term business model ............................................. 5
Chart 2  Typologization of business model definitions ......................................................... 6
Chart 3  Overview about the Volvo Special Application Solution dealers ................ 16
Chart 4  Supporting Quotes Customer Segments .................................................................. 29
Chart 5  Supporting Quotes Key Partnerships ...................................................................... 34
Chart 6  Supporting Quotes Key Partnerships ....................................................................... 36
Chart 7  Conclusion Overview ............................................................................................... 41

Appendix

Appendix 1: Result List from the Literature Review ............................................................ 51
Appendix 2: Interview Guideline Dealers ........................................................................... 53
Appendix 3: Interview Guideline Partners .......................................................................... 61
I Introduction

1.1 The Importance of Business Models

“In all enterprises, it’s the business model that deserves detailed attention and understanding.”

(Mitch Thrower, U.S. author and entrepreneur)

During recent years, the concept of business models has become more and more important. According to a survey made by Casadesus-Masanell & Ricart (2011), seven out of ten ventures try to create an innovative business model which is more than ever before. The reason for this trend is due to the significant changes of the competitive situation in the last 20 years. In this context, Wirtz (2011) mentions the increasing globalization, market deregulations and faster innovation cycles which “made the markets more dynamic, more competitive and above all, more complex” (p. 3). A good tool with which companies can face those changed environmental conditions successfully is an innovative and competitive business model. In particular, an effective model can be used as a supportive management tool for generating new business ideas, evaluating established processes or modifying structures. By doing so, the model itself describes the operational activities of a company with different elements and illustrates them in a clear and easy to understand form. One aim is to show the existing resources and how they contribute to the creation of value added products and services. The main focus is placed on the interaction and relation of those individual elements and how the involved actors are operating together. On this account, a business model can be understood as a systematic and strategic tool to improve the success of a company (Wirtz, 2011). A way of improving the performance and increasing the turnover of a company is thereby the development of new markets through the strategy of internationalization. Due to the already mentioned tough competitive situation and the profitable opportunities based on the globalization, more and more companies nowadays therefore decide to replicate and transfer their already existing business models to other countries. In the next section we will thus have a closer look at this strategy but also highlight possible effects arising from it.

1.2 Business Models in the Context of Internationalization

“Early and rapid internationalisation may be based on expanding into new countries via the repeated application of a specific business model.”

(Dunford, Palmer & Benveniste, 2010, p. 657)

In terms of business models, the research so far just dealt with the topic of transferring business models to other countries (cf. Dunford et al., 2010; George & Bock, 2011; Sainio et al., 2011; Salwan, 2009) or with the topic of success factors of business models in general (cf. Casadesus-Masanell & Ricart, 2011; Debelak, 2007; Wirtz, 2011), but did not bring both topics in relation to each other. However, especially this field is important in the current business situation with intensified international operations of companies and the global transfer of business models to new markets where the success and competitiveness concerning market shares and turnovers are crucial for the survival and growth of a business. When Friedman (2005) wrote about these circumstances in his book ‘The World is Flat’ he characterized this current progress as “an inevitable trend in an increasingly flattened world” (p. 159). That means that this development of transferring whole business models
to other countries is just a logical consequence of expanding corporate activities such as R&D or IT into other locations where costs are much lower and the relevant customer base is huge (cf. Reddy, 1997; Sun et al., 2007). Also from an operational perspective it is advisable to locate the business activities close to the demanding target group and the market requirements.

In this connection, Dunford et al. (2010) mention the economic factor of market liberalization, Internet as the enabling technology and the effect of global commonalities in consumer taste. Moreover, the expression of ‘born global’ was derived from it, which is according to Oviatt & McDougall’s definition (2004) “an international new venture (…) that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (p. 31). In contrast to domestic business models, international business models have - as indicated by the name - an international origin concerning the used resources such as products, employees and finances. That means, those organizations or companies create value in more than just one country and therefore operate not only on their home market, but transfer replications of their business model to other countries immediately after the foundation (cf. Rialp et al., 2005). However, in order to transfer and implement a business model successfully into other countries, the companies at first have to find and determine the success factors of the according business model, because the “(t)he successful implementation is directly reflected in the success of a business” (Wirtz, 2011, p. 15). That means the way the original value proposition of a business model is reached by the responsible persons of the target market in interaction with the local partner companies and customers plays a significant role for the overall performance of the transferred model. This also includes the consideration of local conditions of the foreign country, because the successful implementation of a business model cannot be seen in isolation of the surrounding environment. It is closely linked to the surrounding environment and factors such as the corresponding industry or certain customer segments. Furthermore, the culture of a nation or country plays a significant role due to its impact on the single actors within a business and in turn on the business management in general.

1.3 The Influence of Culture on Business Models

“If you get the culture right, then the rest just falls into place.”

(Jenn Lim, Cultural Consultant of Zappo.com)

In order to understand the link between the two concepts of culture and international business models, a fundamental definition of culture is crucial. According to the Dutch social psychologist and anthropologist Hofstede (1983), national culture entails diverse attitudes, beliefs and values and consequently also various business practices which can consequently also force or hinder the success of a business model. That is why Hofstede (2007) later on also stated that “management, which is part of culture, differs among societies but within societies is stable over time” (p. 413). With regard to the definition of culture, the explanation of Kluckhohn (1951) is common and accepted: „Culture consists in patterned ways of thinking, feeling and reacting (…); the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values“ (p. 86). That means first, that culture is not hereditary or inborn but instilled during the socialization phase and second, that culture is embedded in the dominating system of values, which shapes the perceptions and actions of individuals as well as the interactions between the individuals within a company. This in turn indicates that culture influences the operations within businesses which was also confirmed by conducted studies (cf. Newman &
Nollen, 1996). In this context, companies which transferred their business models across different countries and cultures often made the experience that their value proposition and the interaction with partners and customers are only successful in some countries but not in all (cf. Bhaskaran & Sukumaran, 2007; Newman & Nollen, 1996), which is a problem in a business world with increased globalization and dependence on foreign markets. Thus, the connection between the success factors of business models on the one side and the cultural influence of the countries where the business models are implemented on the other side is more crucial for international operating companies and should be investigated more in detail. We therefore believe that it is relevant to investigate the relation between similar cultures and patterns of success factor within a business model in order to see if those patterns are a result from the similar cultural background of the corresponding countries.

1.3.1 Statement of Purpose

Therefore, the purpose of this thesis is to analyze if similarities across countries in terms of the successful interaction between the involved actors of a business model are due to their similar culture.

1.3.2 The Research Question of this Study

Based on the mentioned purpose, we developed the following research question:

Does the national culture of a country influence success factors of a business model?

In order to examine this question we carried out a multiple case study based on a successfully working business model which was among other countries transferred to Germany, Denmark, Sweden and Finland. We have chosen these four countries because of their similar cultural characteristics which we will mention in depth in a later section of this study. During our analysis we focused on the value proposition of the business model and how the companies in those countries determined their interaction with partner companies and customers in order to find patterns of similar aspects within this business model.

Before we start investigating our research question, we thus provide an overview about the concept of business models and its theoretical framework by means of a literature review.
2 Framework of References about Business Models

For getting a proper overview about the quantity of scientific documents published on the topic of business model’s success factors in a cultural context, we did a framework of references. Since there are no articles so far about this specific topic, we had to search in both fields - strategies of successful business models and the influence of the national culture on business operations in general. Thereby, under ‘successful’ we understand a business model’s value proposition which is aligned with the needs of the market and the target customers and emphasizes a strong relation between the company and its partner companies so that the general operations run smoothly. Therefore we searched for predominant authors and researchers in this field in order to analyze their central ideas and approaches and to get an understanding of the current state of knowledge.

2.1 Research Procedure

First we started with a targeted and selective search of appropriate articles about the topic of business models. On the one hand, we used the Journal Citation Reports® of ISI Web of KnowledgeSM in order to identify published articles in topic-relevant journals. Our list of journals included the Academy of Management Journal, Journal of Management, Strategic Management Journal, Journal of Management Studies, Journal of Business Venturing and Entrepreneurship: Theory & Practice. During our research we focused on articles that contain the terms ‘business model’, ‘cultural influence’ and ‘national culture’ in the title, keywords or abstracts of the articles. The same term was also applied during the subsequent search in two databases - the library database Primo of the Jönköping University and the online search engine Microsoft Academic Search.

In total, 112 generally relevant articles were identified, all published during the past 50 years. Concerning this preliminary result we have to mention that the literature covers several areas of science and therefore often did not correspond with our relevant topic of business models in the narrow sense. For this reason we excluded 84 articles dealing with computing or modeling research as well as non-management fields. In addition we excluded all book reviews, book extracts or textbooks. This procedure sharply reduced the sample to 33 papers or books. These articles formed the basis for the critical appraisal afterwards. So before we read through all the articles it needed to be well considered according to which criteria the analysis should be carried out in order to answer the research question of this study. The chosen criteria were the general research question, the underlying theory, main findings, sample characteristics, the methodical approach and suggestions for further research. After this definition, we completely read all the remained publications and electronically stored the extracted data in a data collection form. Lastly, all different academic arguments and research results were pooled, compared and evaluated in order to reflect the relevance of the results for the research question of this present study. This evaluation resulted in the final pool of 28 studies about different established concepts and approaches which we critically reviewed and which can be found in a list in the appendix. Hereby, our intention and the purpose of this literature review is to point out all relevant theories which are necessary to examine our research question. That means the findings are focused on the three theoretical cornerstones of this study, first the general concept and the structure of business models and the embedded strategy, second the overall performance of business models and their successful implementation, and third the national culture as a significant influence on the performance of business models.
2.2 Literature Review about Business Models

2.2.1 Concepts of Business Models

Over time, different concepts of business models were developed which differ on the disciplines of the researchers. In this context, Ghaziani and Ventresca (2005) investigated the usage of the term business model and the associated interpretations of the term in the different research communities between the years 1975 and 2000. Based on a qualitative analysis of abstracts in 507 journals, the authors identified different interpretations of business models like you can see in the following table.

Chart 1 Associated interpretations of the term business model / Source: inspired by Ghaziani and Ventresca, 2005

<table>
<thead>
<tr>
<th>Frame</th>
<th>Focus</th>
<th>Examples from abstracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business model</td>
<td>Computer-assisted</td>
<td>&quot;The (software) package (...) programs allow the development and use of customized planning and analysis tools. Even without computer programming knowledge, the user builds relatively sophisticated business models&quot; (Small Business Computers Magazine, 1982)</td>
</tr>
<tr>
<td></td>
<td>Computer-oriented</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Computer software</td>
<td></td>
</tr>
<tr>
<td>Revenue model</td>
<td>Generation of turnover and revenue</td>
<td>&quot;The business model provides the necessary tools for the different department to evaluate their profitability&quot; (Industrial Management &amp; Data Systems, 1991)</td>
</tr>
<tr>
<td>Value creation</td>
<td>Value creation</td>
<td>&quot;The key to reconfiguring business models for the knowledge economy lies in understanding the new currencies of value&quot; (Journal of Business Strategy, 2000)</td>
</tr>
<tr>
<td></td>
<td>Transactions, governance and structure</td>
<td></td>
</tr>
</tbody>
</table>

The analysis of Ghaziani and Ventresca (2005) shows that the interpretation of the term business model shifted over time: from 1975 to 1994, the computer-focused business model of the informatics researchers dominated. Later on from 1995 until 2000, both interpretations revenue model and value creation have asserted high positions across all researcher communities. Moreover, taking the results of the literature review into account, we can conclude that those two interpretations are still very important for the understanding of the
term business model referring to the field of management research (cf. Demil & Lecocq, 2010; Johnson et al., 2008).

First, we can conclude that the creation and usage of the term business model started simultaneously in different research communities. Secondly, the concept of business models is based on different elements and theories of various disciplines and thirdly, the dispersion began with the rise of the New Economy. As a result, all these three facts contributed to the lack of an uniform definition for the term business model until now (cf. Ghaziani and Ventresca, 2005; Teece, 2010). That is why we found almost as many definitions of business models as we read articles of authors who are concerned with this topic. However, we observed that researchers of one discipline tend to describe business models in a similar way. Therefore, the definitions are “developing largely in silos, according to the phenomena of interest to the respective researchers“ (Zott et al., 2011, p. 1020). In general we identified three big areas: e-business and IT, strategy, and innovation & technology management. Those were the types most often mentioned in the business model literature. For this study we will apply them in order to categorize the term of business model.

Chart 2 Typologization of business model definitions / Source: Own research (inspired by Zott et al., 2011)

<table>
<thead>
<tr>
<th>Typologization</th>
<th>Author(s) and Year</th>
<th>Definition of business model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E-business &amp; IT in organizations</strong></td>
<td>Zott &amp; Amit (2010)</td>
<td>&quot;a system of interdependent activities that transcends the focal firm and spans its boundaries&quot; (p. 216)</td>
</tr>
<tr>
<td></td>
<td>Osterwalder, Pigneur &amp; Tucci (2005)</td>
<td>&quot;A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm&quot; (p. 5)</td>
</tr>
<tr>
<td></td>
<td>Weill &amp; Vitale (2001)</td>
<td>&quot;A description of the roles and relationships among a firm's consumers, customers, allias, and suppliers that identifies the major flows of product, information, and money, and the major benefits to participants&quot; (p. 34)</td>
</tr>
<tr>
<td></td>
<td>Amit &amp; Zott (2001)</td>
<td>&quot;A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities&quot; (p. 511)</td>
</tr>
<tr>
<td></td>
<td>Afuah &amp; Tucci (2000)</td>
<td>&quot;a system that is made up of components, linkages between the components, and dynamics&quot; (p. 4)</td>
</tr>
<tr>
<td>Author/Year</td>
<td>Definition</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Applegate (2000)</td>
<td>&quot;A description of a complex business that enables study of its structure, the relationships among structural elements, and how it will respond in the real world&quot; (p. 53)</td>
<td></td>
</tr>
<tr>
<td>Timmers (1998)</td>
<td>&quot;an architecture for the product, service and information flows, including a description of the various business actors and their roles&quot; (p. 2)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casadescus-Masanell &amp; Ricart (2010)</td>
<td>&quot;reflection of the firm's realized strategy&quot; (p. 195)</td>
</tr>
<tr>
<td>Teece (2010)</td>
<td>&quot;A business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value&quot; (p. 179)</td>
</tr>
<tr>
<td>Johnson, Christensen &amp; Kagermann (2008)</td>
<td>&quot;consists of four interlocking elements, that, taken together, create and deliver value&quot; (p. 52)</td>
</tr>
<tr>
<td>Magretta (2002)</td>
<td>&quot;A good business model answers (...) What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?&quot; (p. 92)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Innovation &amp; Technology Management</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chesbrough (2007)</td>
<td>&quot;A better business model often will beat a better idea or technology&quot; (p. 12)</td>
</tr>
<tr>
<td>Chesbrough &amp; Rosenbloom (2002)</td>
<td>&quot;the heuristic logic that connects technical potential with the realization of economic value&quot; (p. 529)</td>
</tr>
</tbody>
</table>

The first and at the same time also the biggest type is referring to e-businesses and IT and focuses on business models in terms of the new ways to create and deliver value by using the Internet. In this context, Zott et al. (2011) found out that 25% of the observed studies about business models were related to e-business and that the researchers of those studies were mainly interested in understanding the design and architecture of the business models and the network of interactions between them and their partners (cf. Zott et al., 2011).

The second type includes strategic definitions of business models. Most of the authors who were using those definitions state that a business model should include frequent interac-
tions and a strong relationship among the single actors in a business model. In addition, business models are supposed to be crucial for the performance of a company because they represent a potential tool to develop competitive advantage (cf. Zott et al., 2011).

For the third type of innovation & technology management, a business model is rather seen as a mechanism which links the innovative technologies of a company and the customer needs. In other words, the business model is the connection between the input resources of a company and the market outcomes. Moreover, it “embodies nothing less than the organizational and financial ‘architecture’ of the business” (Teece, 2010, p. 173). In doing so, a business model can be used as an enabler for innovations.

On the issue of business model definitions, Wirtz (2011) stated: “(s)o far, no generally accepted definition of the term has been determined” (p. 9). He explains this fact with the complexity of the overall concept and the various ways the models can be applied. However, despite these differentiations between all those definitions we also found similarities. There is for example agreement on the fact that the business model should be seen as a management tool which analyses not only the company itself but also the surrounding network of partners, customers and competitors. The interactions are therefore crucial in the conceptualization of business models. Another common understanding exists about the function of business models to point out how businesses can create and capture value.

For the purpose of this study we use the strategic-oriented definition of Teece (2010): "(a) business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value" (p. 179). We have chosen this definition because the mentioned logic implies that a business model is based on a cause-and-effect-relationship. Furthermore we like the perspective to put the value creation for the customers in the focus of the model, because it highlights the important role of the network surrounding the actual business. In order to investigate and answer our research question of this study we build up the theoretical background for the analysis in the next section, which is based on the strategic approaches of business models.

### 2.2.2 Strategic Business Model Approaches

Since the concept of business models was established in the field of management, strategy as a theoretical foundation has become increasingly important over time. As a result, the business model itself was adjusted and enhanced especially by strategic elements (cf. Chesbrough and Rosenbloom, 2002; Magretta, 2002). In this context, Chandler’s book Strategy and Structure (1962) is considered to be the initial study about business models based on a strategic approach. He was the first to investigate the connection between a company’s strategy and its structure. Therefore he explained how the strategy builds the base for the structure and in addition he linked fundamental strategic and organizational approaches.

A few years later, Andrews (1971) wrote about corporate strategy which is closely connected to the current understanding of business models. In doing so he pointed out the differences between corporate strategy and the strategy of single business units. According to Chesbrough and Rosenbloom (2002), his definition of the strategy of single business units was thereby the basis for a lot of present business model definitions. As a result, the role of business models and its strategic relevance in terms of renewing or restructuring companies became more important and researchers came up with new strategic approaches.
Hereby, a common and significant factor of strategic business model approaches is the special perception of value creation which describes how a value is created with certain actors of a business. The model itself is therefore a helpful tool to represent the entrepreneurial activities within a company in a holistic and aggregated way and enables statements on the implementation of production factors according to the corporate strategies.

From the perspective of the theoretical foundation we could identify two major groups of authors who developed strategic approaches for business models. The authors from the first group evolved their approaches without any theoretical foundation, which means that they used individual concepts from different subareas of the management research, regardless of any corresponding theories. On principle, good examples for those approaches are the business model ontologies of Magretta (2002) and Johnson et al. (2008). Both mention business models as systems with which one can explain the relationship between single company levels and the reconfiguration of the value chain within a business. In doing so, they explicitly specify the single elements of a business model and also the relation between the elements. Thereby they are more focused on the strategic and operative perspective than on a theoretical basis: “(t)he first is to realize that success starts by not thinking about business models at all. It starts with thinking about the opportunity to satisfy a real customer who needs a job done” (Johnson et al., 2008, p. 60). This indicates that the aim of such approaches is the provision of a practical management tool for the analysis of a changing environment of a company. Therefore it should help to analyze external conditions and how to decide about an improved design or adaptions.

In contrast, the second group of authors worked out their strategic approaches based on a theoretical foundation, which means that they either explain their approaches of business models with a consistent theory or the single elements of the business model are illuminated by a theory. One example of such approaches is the RCOV framework of Demil & Lecocq (2010). Their theory emphasizes the systemic nature of business models and shows the interaction between the single components: on the one hand the resources and competences (RC), the internal and external organization (O) and the value proposition (V) and on the other side the volume and structure of revenues and costs. In consequence, the changes of the business model should then have a positive or negative effect on the success of a company which is here expressed by the margin. As also mentioned for the previous both theories, the purpose of this approach is to provide a helpful tool in a continuously changing business environment.

Figure 1   RCOV framework of Demil and Lecocq / Source: Demil & Lecocq, 2010
Zott & Amit (2008 & 2010) developed another two strategic perspectives in the business model discussion, called the Contingency Theory and the Activity System Design Framework. The first theory was developed in order to analyze the contingent effects of product market strategy and business model choices on the performance of a company. In doing so this theory assumes a relationship between strategy, structure and the performance of a company and that “business model and product market strategy are complements, not substitutes” (Zott & Amit, 2008, p. 1). The second framework both authors developed is an activity system referring to all activities in an organization or company, including those of the company’s suppliers or customers. This system consists of three design elements namely content, structure and governance which describe the architecture of an activity system. All three elements are “designed to create value through the exploitation of business opportunities” (Zott & Amit, 2010, p. 219). The purpose of this model is thereby not only to help companies create value for itself within the boundaries but also across the boundaries in interaction with the partners by sharing this created value with them.

Moreover, one of the most frequently mentioned approaches is Osterwalder and Pigneur’s (2010) strategic management and entrepreneurial tool Business Model Canvas. According to both authors, “(a) business model describes the rationale of how an organization creates, delivers, and captures value” (p. 14). This academic definition simply states that a business model’s aim is to create value for the customers and that we as customers decide whether to buy a product or service if it contributes to our value or benefit. In developing the model, they created nine elements of a business model which everybody can draw as boxes on a ‘canvas’ and thus show the most important areas of a company or organization. Thereby each element stands in connection with all the other elements which together make up the whole business model. Both authors thereby regard the customer’s value proposition of a company as the center of a business model. That is why they arrange the elements Key Activities, Key Partner, Costs and Key Resources on the company side and Customer Relationships, Customer, Revenue and Channels on the market side.

![Business Model Canvas](image)

The figure above shows the relations between the single elements: partners contribute to the key activities and resources of a company. This leads to costs and to an offer or a value proposition which will be delivered to the customer through customer relationships and
channels. In turn, the customer will then generate the revenue which should be in the end higher than the costs in order to make a profit and not a loss. In general, this approach represents a template for creating new or analyzing already established business models with the purpose to show how a company intends to make money. Due to this structured presentation, this approach helps to clearly demonstrate how a company is organized and how they generate revenues, which means that business models can be visualized without excluding the complexity. In conclusion, the business model can be understood as “a blueprint for a strategy to be implemented through organizational structures, processes, and systems” (Osterwalder & Pigneur, 2010, p. 14). We have chosen this special tool for analyzing the results of our multiple cases because it enables us to gain a quick understanding of the main correlations within the chosen business model, analyze them and recognize possible patterns across the four countries. Based on these theories we will now discuss in the following section the result of the interaction between all the single business model elements and the overall performance.

2.2.3 The Performance of Business Models

We can say that a business model can be understood as a system of interacting elements. The performance of this system is for one thing measured by the value created by the business model - not only for the business itself but also for all involved parties like customers and partners. And on the other, this system is measured by the sustainability in terms of continuing the business. Those both measuring factors bring us thereby to the two main functions of a business model: value creation and value capture. The business model itself can create value with defining activities, for instance the development of a new product and the delivering to the final consumer. “This is crucial, because if there is no net creation of value, the other companies (and also the customers) involved in the set of activities won’t participate” (Chesbrough, 2007, p.12). In this context we can see that the success of a business model depends especially on the interactions with the other involved actors. Moreover, a business model captures a certain amount of value for the own operations and sustainable development of the company. And this fact must not forget, because if a company cannot be profitable then it is no longer able to keep the business alive (cf. Chesbrough, 2007). The performance depends thereby not only on the optimized arrangement of the single business model elements but also on the consistence of the architecture, meaning the compatibility and the complementary of the elements. For instance the value-creation model has to be designed according to the promised performance in order to provide the customers with access to the service or product and make them satisfied. Furthermore, the revenue model has to be created in a way that the company is getting the equivalent value of the delivered service or product. In this connection, Amit & Zott (2001) identified four fundamental sources of value creation within a business. With the term value they thereby mean all value created, „regardless of whether it is the firm, the customer, or any other participant in the transaction who appropriates that value” (Amit & Zott, 2001, p. 503). The four sources of value creation are:

- Novelty: the business model elements are connected in an innovative way
- Lock-in: the business model creates a strong relationship between all actors of this value creation system
- Complementarity: the business model combines complementary activities in order to create value added for all actors
- Efficiency: the business model enables a company to create value more efficient than other established concepts
As a consequence of such a consistent business model, the creation of an advantage in competition is enabled. However, it becomes sustainable only through a reasonable combination of strategy and business model, because business models are in contrast to strategies observable and replicable for competitors (cf. Teece, 2010). With regard to the research model, this fact is precisely the reason why we have decided to apply the single elements of a business model but also the underlying strategy as a basis for our subsequent analysis. After we discussed the first two corner pillars of our theoretical background for this study, we will now mention the last one in the next section concerning the influence of the national culture on the performance of business models.

2.2.4 The Cultural Impact on Business Model Performance

When working in an addressed global and competitive environment, knowledge and comprehension of the impact of cultural differences is crucial for the overall performance of a business and one of the keys to international business success (Guiso, Sapienza & Zingales, 2006). Especially in terms of the internationalization of business models, this topic is becoming increasingly important. For most people it simply means the replication and transfer of an already existing and established business model accurately and without any modification to another market or country. The biggest advantages of such a replicating practice is thereby “based on the potential for the repeat sites to benefit from the experience gained in earlier implementations” (Dunford et al., 2010, p. 658). However, due to different industrial and market conditions, and also cultural differences between countries, the development and implementation of business models has to be promoted according to the corresponding conditions. This adaption is essential in order to generate a satisfying performance for the business and a sustainable success, because “national culture influences (…) through societal economic structures, behaviors, practices, and resource allocation mechanisms” (Autio, Pathak & Wennberg, 2013, p. 8). So rather than understanding internationalization strategies of companies concerning their business models as a matter of simple replication, it is crucial for a venture to renew and develop certain business model elements.
like the value proposition and the whole interaction between them and the customers and partners further for a new market. Based on this insight, we can conclude that business models are not transferable one-to-one. This in turn means a challenge for companies willing to internationalize their business models into new countries, because global cultural differences will directly impact the involved actors and therefore also the procedures of the business and in consequence also the performance. That means that the domestic companies that are likely to see incremental growth in the coming decades are those that are not only doing business internationally, but that are developing the strategic skill set to manage doing business across cultures. In other words, the cross-cultural core competence is at the crux of today’s sustainable competitive advantage (Guiso, Sapienza & Zingales, 2006; Oyserman & Lee, 2008).

In this context, Stephan & Uhlanaer (2010) conducted a country-level analysis of the effect of culture on practices and entrepreneurial behavior in general which includes the transfer from business models to other countries. They found that for instance collectivism is a cultural practice which forces entrepreneurial practices. At this point, Autio, Pathak & Wennberg (2013) agree, since “(c)ollective mechanisms operate through joint expectations and preferences, as well as shared behavioral and legitimacy norms. These mechanisms influence how individuals perceive the economic and social feasibility and desirability of entrepreneurial action” (p. 6). As a conclusion we can therefore say that companies first have to improve the level of cultural awareness among their employees in order to build international competencies and enable individuals to become more globally sensitive. In doing so it is important to understand the underlying culture, respectively the ‘silent language’ as Hall (1973) calls it, and all the linked processes and structures in order to adjust the implementation of the business models accordingly. Through his early attempts to rationalize the differences and similarities between cultures, Hall (1973) created the foundation for cross-cultural theories which are nowadays tools for the international management research and multi-national, cross-border and globalizing business corporations. He states that culture and awareness exist in the subconscious of every human, beyond the awareness and in the depth of the unspoken, meaning in the daily procedures and operations of employees within their jobs. In this connection he referred to important cultural aspects like the different time context or the orientation of a society towards collectivism or individualism, both aspects which also the social psychologist Geert Hofstede (1993) used in his theory of the cultural dimensions. He analyzed the interactions between different cultures in order to build a systematic framework for the evaluation of different or similar performances of nations and cultures. The theory is thereby based on the idea to assign certain values for four different cultural dimensions:

1. **Power Distance**: it states, how individuals with lower power expect and accept a disproportionate distribution of power. That means it does not determine the level of power distribution but the way people feel with it. A low level points to a democratic relation of power with equal members, whereas a high power distance means that the members accept the existence of a formal and hierarchical position.

2. **Individualism**: it describes the level to which individuals are integrated into the group. In cultures with a relatively high Individualism level, the rights of the individuals are protected. In cultures with a low level the ‘we-feeling’ is more in the focus.

3. **Masculinity**: this dimension stands for the distribution of emotional roles between the genders respectively for the degree of importance in terms of masculine values such as ambition, power and materialism as well as of feminine values like interper-
sonal relations. In general, a high level culture shows significant differences between the genders and is more focused on competition.

(4) Uncertainty Avoidance: it refers to the tolerance towards uncertainty and ambiguity. With this dimensions one can evaluate the way how a society reacts upon unknown situations or unexpected events and stress. Cultures with a low index are less tolerant towards changes and therefore prefer strict rules, guidelines and laws, whereas such with a low index are open to changes and therefore have less rules and only vague guidelines.

(5) Long-Term-Orientation: that is the planning horizon in a culture. Short-term cultures value traditional methods, need a long time for building relations and see time as a cycle which means that the past and the future are linked with each other. In the opposite long-term culture, time is seen as linear and therefore the members are more concentrated on the future than on the present or the past. Such a culture is goal-oriented and values rewards.

Hofstede developed these dimensions through a value comparison of comparable employees in sixty-four national locations of IBM, an US-American technology and consultancy company, between the years 1967 and 1972 (cf. Hofstede, 1993). In applying these dimensions, he suggested a scale of assessment from 1 to 120.

After this literature review about the topic of business models and the relation to the cultural context, the used methodology for the study will be presented in greater detail in the following section.
3 Methodology

In general, a methodology is the theoretical base of a method and includes the ideas of the researcher to choose this kind of research method and not another one (cf. Wahyuni, 2012). In this study, we generated all necessary information during multiple cases and conducted semi-structured interviews with quantitative and qualitative questions. The analysis of the transcribed interviews was based on a coding method in order to identify patterns across the cases.

3.1 Research Model

When selecting the research model, it is advisable to consider already existing theoretical models as a basis for the own study in order to support the logical process of the analysis (Creswell, 2003). However, since so far there is no theory existing about the cultural influence on the success factors of business models in certain regions, we recognized a gap in the current literature and therefore also a need in analyzing this issue more in detail. That is why our research is exploratory in nature meaning that we examined the single elements of a certain business model across one region with a similar cultural background, namely the four countries Germany, Denmark, Sweden and Finland, in order to identify the success factors of their business model implementation. Furthermore, based on the generated data of these multiple cases we built a preliminary model from the patterns which occurred frequently. Thereby our goal was to find the general factors which are valid in all or most of the cases in order to answer our research question at the end. In this context, Eisenhardt (2007) stated that the analysis in exploratory research is abstract and generalizable. In terms of abstraction she meant that all the generated data and the observations are translated into concepts. Referring to the generalization she mentioned that the analysis material is arranged in a way that it is only focused on those structures and patterns that are common to all or most of the cases. The basis for the analysis in this study is thereby Osterwalder & Pigneur’s (2010) comprehensive concept Business Model Canvas which we already mentioned briefly in the literature review.

3.2 Research Design

In most of the research projects, the theory-building process is based on existing literature and empirical observation or experiences. However, in some cases there is relatively little knowledge about this topic and adequate literature with profound practical experience is missing or suggests the need for an in-depth analysis. In these cases, theory building from case study research is an appropriate way to create a theoretical basis using empirical evidence (cf. Eisenhardt & Eisenhardt, 2007). Therefore, the inductive research helps to connect the theory with the generated data. That means the aim of the researcher should be to build the theory from the data by detecting patterns within the findings and afterwards hypothesize, which is consistent with case study research (cf. Farquhar, 2012). However, while doing so it is a prerequisite to clarify that the purpose of the research is to develop theory, not to test it what requires theoretical sampling. According to Farquhar (2012), “(t)he case study (in general) is a research strategy which focuses on understanding the dynamics present within single settings” (p. 534).
3.2.1 Multiple Case Study

Ideally, case study research should use a multiple case study design and be composed of different sites (cf. Wahyuni, 2012). The essential basis for our choice to do a multiple case study in the four northern countries is to find similar patterns in the implemented business model in order to gain an extensive understanding of why they are successful in the way they are, and if their specific culture influenced their performance. There are also a few authors, who argue that further advantages of including multiple cases are the aspects of external validity and generalizability, which both result from the variety of situations or cultural contexts the studies were conducted in (cf. Leonard-Barton, 1990; Farquhar, 2012). The central recognition is that multiple case studies are the initial point for developing theory inductively. In this theory-building process, different patterns across the cases were recognized and the underlying reasons for these logical relationships were identified.

3.2.2 Sample

This study is focused on the Brussels-based company Volvo Construction Equipment, which is the world’s oldest industrial company still active in the field of construction machinery and a 100% subsidiary of the Swedish Volvo Group. Our study is focused on one special business model of Volvo called Special Application Solutions. This globally standardized business model especially defines the role of Volvo’s partner companies. In the existing constellation, Volvo designs and builds mass products for applicable markets and segments and the partner companies manufacture the low volume Special Application Solutions which require a high degree of customization. Both, Volvo and the respective partner are then delivering their products to the Volvo dealers worldwide. Right now, the only successful implementations of this business model are in the countries Germany, Denmark, Sweden and Finland. In each country we interviewed one experienced employee in a leading position of the dealer.

Chart 3 Overview about the Volvo Special Application Solution dealers / Source: Own Research

<table>
<thead>
<tr>
<th>Country</th>
<th>Year of founding</th>
<th>Turnover in 2012 in million SEK</th>
<th>Position of interview partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>1983</td>
<td>11.5 SEK</td>
<td>Purchet Manager</td>
</tr>
<tr>
<td>Sweden</td>
<td>1988</td>
<td>46.9 SEK</td>
<td>Sales Support Manager</td>
</tr>
<tr>
<td>Denmark</td>
<td>2000</td>
<td>1.9 SEK</td>
<td>Technical &amp; After Sales Manager</td>
</tr>
<tr>
<td>Germany</td>
<td>2003</td>
<td>207.4 SEK</td>
<td>Product Specialist</td>
</tr>
</tbody>
</table>
In addition we conducted also interviews with two supplying partner companies, because “business models do not act in isolation, but rather interact with those of other industry participants - customers, suppliers, competitors, and producers of substitute and complementary products” (Casadesus-Masanell & Ricart, 2010b, p. 124). In terms of the partner companies, we interviewed the Technical Commercial Manager of the company Beco Vianen, located in the Netherlands and the Executive Vice President of the Swedish Cede Group. For an overview about the interviewed dealers, the descriptive data is presented in the table above. On average, the four dealers are established since 19.5 years and had a turnover in 2012 of 66.9 million SEK.

The reason for us to select especially those four countries for our study was the reason that they are all considered to have a similar and at the same time unique culture, based on transparency, trust and honesty. If those cultural characteristics have a significant influence on the performance of local businesses we should be therefore able to identify patterns within their performance and operations, respectively the implementation of interactions between the different involved parties of the business model. How similar the four countries are in terms of their culture can be also seen on Hofstede’s (2013) Index of the cultural dimensions.

Figure 4  Cultural dimensions according to Hofstede / Source: Hofstede, 2013

The significant low Power Distance of all countries reflects the high independence of individuals and in turn the low hierarchy level. In practical terms this has also effects on the corporate culture of companies in those countries: the power is usually decentralized, which means that the managers count on the experience of their employees and see them as important consultants. As a result, control is generally disliked and the attitude towards superiors is more informal and on a first name basis. Also the communication within a company is direct and consensus orientated (cf. Hofstede, 2013).

For the second dimension Individualism, all countries scored above 60 which means that they are all individualistic societies where personal opinions are valued and expressed. At the same time the right to privacy is important and respected what applies to the clear line between work and private life (cf. Hofstede, 2013). In this connection, the Organisation for Economic Co-operation and Development (OECD) released the Better Life Initiative which analyzed the work-life-balance of each country world-wide. The result: all four countries are in the top ten countries with the best work-life balance with Denmark on position...
one with 16.31 hours for leisure and personal care, Finland on the fourth, Sweden on seventh and Germany on position eight (cf. OECD, 2011).

The Masculinity dimension is - beside Germany - on a very low level. For instance Sweden is the most feminine society. That means that the softer aspects of culture such as cooperation and societal solidarity are valued and encouraged. This fact is shown in the corporate culture of local companies, because the sense of corporate social and environmentally responsibility is very strong. In this context, northern companies can act as a role model, because their support especially for employees is very well established (cf. Hofstede, 2013). For example, the percentage of female employees is almost the same as for men. Just as a reference, in Denmark 72% of the women work compared to 79% of the men (cf. Wooldridge, 2013). Another aspect is the distribution of income among the population in a country, which is measured by the worldwide Gini Index. The Nordic countries are always ranked on the top of this index with Sweden on the first position, followed by Denmark on the fourth and Finland on place ten (cf. CIA, 2012). However, German companies are already following this model with the implementation of a women quota for top management positions and the promotion of childcare for working parents.

In terms of Uncertainty avoidance, all countries can be called pragmatic cultures. On the one hand the focus is fairly on planning although they are not adverse taking risks, especially when it comes to business. However, on the other hand the countries have in general a low dimension of Long-Term Orientation which means that their culture is more short-term oriented. Those societies exhibit great respect for traditions and a strong concern with establishing an environment based on transparency, trust and honesty (cf. Hofstede, 2013).

From these five mentioned dimensions we can clearly see that the national culture and the embedded values are also reflected in the corporate culture of the companies located in the corresponding countries. Compared to the national culture, corporate culture is “a representation of the organization’s shared assumptions, values, and beliefs (Schwartz, 2013, p. 40). However, the link between both forms of culture was already investigated by Ringov and Zollo (2007) who did a study about the impact of national culture on corporate performance. Both authors analyzed 463 ventures from 23 countries worldwide and based on their results they demonstrate a close connection between the cultural characteristics of a society and the ones of the local companies.

In conclusion we can therefore say that the specific culture of those four countries and their values shared by the societies has impact on the corporate culture of the local companies. What we want to analyze is now if this special culture also influences the performance and operations of a transferred business model.

### 3.3 Research Design

The next step of defining the methodology for this study was the determination of the research design. Thereby, it is essential to link the chosen methodology and the respective research method in order to use appropriate research questions which are suitable to analyze the object of research. The purpose of research and the research questions are namely the basis for developing a research design, because they imply important aspects about the actual research topic (cf. Wahyuni, 2012). In the course of the development and common implementation of the quantitative, as well as the qualitative method in the humanities, the practice of using both methods in a mixed way expanded (cf. Creswell, 2003). As a result,
sociologists started to use a wide range of different techniques to collect and analyze their generated data so that more and more the method of combining was applied to “counter-balance each methods strengths and weaknesses and to develop rich layers of data to shed light on key sociological questions” (Pearce, 2012, p. 841).

Our conducted interviews reflect this method in the way that they include both, quantitative and qualitative questions. The quantitative ones were used to gain measurable and exact outputs for the evaluation. Spoken practically, the participants were pleased to answer for instance a few questions on a seven-point Likert scale, ranging from absolutely true to absolutely not true. At the same time, the persons were interviewed by means of a semi-structured questionnaire based on a guideline with several questions on each complex of the research topic. This implies that this part of the questionnaire was more like a hybrid type between a structured and an in-depth interview. Using this form namely has the advantage of using predetermined topics and questions without losing the flexibility to enable the participant to talk freely about it and to adapt spontaneously to an unexpected direction or new information (cf. Orlikowski & Baroudi, 1991). The actual idea to structure the interview is mainly to integrate also open-ended questions and follow-up questions, which should be carefully developed based on the research problem and the research object in such a way that there are separate interview questions for each complex.

The six interviews in total were conducted in English via telephone due to the big distances between the examined business models in Germany, Denmark, Sweden and Finland and lasted between 50 and 70 minutes. The main target of these interviews was to encourage the interviewees to talk about the implementation of Volvo’s globally standardized business model called Special Application Solutions, its single components and their personal experiences regarding the everyday workflows and the interaction with customers and partner companies.

In order to gain different perspectives on the interview answers, we divided the interviews between both of us investigators, because “(t)eam members often have complementary insights which add to the richness of the data, and their different perspectives increase the likelihood of capitalizing on any novel insights which may be in the data” (Eisenhardt, 1989a, p. 538).

### 3.4 Research Questions

The asked questions during the interviews rather refer to the single components of the business model and its implementation within the dealer locations and should give an insight into the success factors and common patterns due to the shared culture.

In order to analyze the object of research, we developed our questions according to Osterwalder & Pigneur (2010), covering the four main groups of the business model elements, which will be described in more detail below. For a more detailed overview about the questions, the semi-structured questionnaire can be found in the appendix.

#### 3.4.1 Value proposition

A company’s value proposition can be mostly understood as a package of products or services which add value for the different segments and groups of customers. This value
propositions therefore presents a specific benefit for the customer such as to solve a problem or to meet several needs.

“The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment” (Osterwalder & Pigneur, 2010, p. 22)

Osterwalder and Pigneur (2010) explain that those value propositions can either be of quantitative nature in terms of price or delivery speed or of qualitative nature in terms of the design or the customer experience. Moreover they state that the values can be categorized: if the offers meet completely new or unknown needs we speak about novelties and if they improve already existing products or services we speak about performance optimization. In addition the value for the customer can also include its design or the brand. Besides, the company can also create value for the customer if their products or services make the work easier, reduce costs or improve the user friendliness. The main questions are therefore:

Question complex 1
- Which kind of value is created?
- What are the most important value characteristics for the customers?
- Which value for the company is provided by their partner companies?

3.4.2 Customers

The element referring to the customers is the heart of every business model and defines the different customer segments of a company including their wishes and particularities. Here it is explained for whom the business should add value and who are the most important customers. The so called customer segmentation is thereby focused on the needs, behaviors and/or characteristics which they have in common. As a result, all those different segments could want to be addressed through various channels and need also other relationships to the company.

3.4.2.1 Customer Segments

“The Customer Segments Building Block defines the different groups of people or organizations an enterprise aims to reach and serve” (Osterwalder & Pigneur, 2010, p. 20)

According to Osterwalder and Pigneur (2010), it is hereby crucial that the company is aware of all its different segments with their needs and wishes in order to create an individual offer. They therefore identified two kinds of customer segments: at first there may exist segments which are similar but with different needs and problems what in turn has consequences for the other elements of the business model. Secondly, there can exist two independent segments with strong differences referring to their characteristics. If that is the case and a company offers its products or services to two or several different segments then we speak about ‘multi-sided markets’. Besides, it is also possible that a company is focused on the mass market where no differentiation between the single segments is needed because the offers, channels and relationships are related to the same group of customers. The same applies to business models with the focus on niche markets whereas here the customer segment has to be specified in order to meet the certain needs through the right channels and with the right relationships. Important questions are therefore:
3.4.2.2 Channels

“The Channels Building Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition” (Osterwalder & Pigneur, 2010, p. 26)

Channels can be understood as points of customer interaction which play an essential role for the customer experience. Thereby the element of channels includes all ways of communication, distribution and sale through which the customers are reached. Osterwalder and Pigneur (2010) mention here five so-called channel phases and five channel types which can be categorized in direct and indirect channels and in own and partner channels. The challenge for a company lies in the coordination of those channels and the phases of attention, evaluation, buy, exchange and after-sale so that the customer experience is perfect and the revenue is maximized. We therefore asked:

Question complex 3

- Through which kind of channel types does the company reach its customer segments?
- Which channels work the best and which ones the most efficient?
- Can the customers be also reached directly by partner companies?
- Are the company’s marketing and distribution activities innovative?

3.4.2.3 Customer Relationship

“The Customer Relationships Building block describes the types of relationships a company establishes with specific Customer Segments” (Osterwalder & Pigneur, 2010, p. 28)

This element shows the types of relationships between the company and its customer segments which include the customer acquisition, the customer support and the sales promotion. Thereby those relationships can be personal or automated, whereby the personal contact enables the customer to communicate directly with a customer consultant for instance via telephone, point of sale or mail. Thanks to social media tools the companies can also implement online communities where the customers can help each other which can in turn also strengthen the commitment to the company since they can evaluate the products or even co-design new offers (cf. Osterwalder and Pigneur, 2010). Our questions are the following:
3.4.3 Infrastructure

On the company-side of the Business Model Canvas we can find the three elements Key Activities, Key Resource and Partners which are closely connected to each other, since the determination of the main business activities also includes necessary resources and partner companies in order to offer the best possible product or service for the customers.

### Key Activities

"The Key Activities Building Block describes the most important things a company must do to make its business model work" (Osterwalder & Pigneur, 2010, p. 36)

The key activities cover the most important activities of a company in order to reach the success of the underlying business model. They include the creation and submission of a value proposition, the achievement of target markets, and the building and maintaining of customer relationships which are crucial for gaining revenues. Therefore, Osterwalder and Pigneur (2010) suggest in this context the analysis of key activities which require the value propositions, the channels for communication, distribution and sale, and the sources of revenue. Due to this fact we ask the following:

#### Question complex 4

- Which kind of customer relationships exists?
- In which way is the company maintaining and improving these relationships?
- How important are the aspects of customer acquisition, retention and sales promotion?

### Key Resources

"The Key Resources Building Block describes the most important assets required to make a business model work" (Osterwalder & Pigneur, 2010, p. 34)

This element contains all necessary resources for a successful operation of the business model. According to Osterwalder and Pigneur (2010), those resources can be of physical, financial or intellectual nature and can be in possession of the company, leased or acquired by key partners. In terms of physical resources those resources can be for instance production sites, offices, vehicles or systems. Intellectual resources are for example brands, corporate know-how, patents or customer bases. In addition also human resources apply as decisive factors for most of the companies - especially for creative and intellectual branches and fields. Resources of financial nature are represented by cash, credit line, stock options, etc. and play an important role referring to guarantees and external capital. Therefore, Osterwalder and Pigneur (2010) suggest also here the analysis of key activities which require
the value propositions, the channels for communication, distribution and sale, and the sources of revenue. That is why we came up with the next questions:

**Question complex 6**
- What are the key resources?
- How important are those resources for the business success?

### 3.4.3.3 Key Partnership

“The Key Partnerships Building Block describes the network of suppliers and partners that make the business model work” (Osterwalder & Pigneur, 2010, p. 38)

Suppliers and partners who contribute to the successful operation of a business model are defined as key partners, because in many cases the supporting network plays a crucial role for the success of a business model. The reason why companies form strategic alliances lies in the wish for optimization, risk reduction and the access to essential resources. Thereby we can differentiate four types of partnerships: strategic alliances between competitors (coopetition) and non-competitors, joint ventures for the development of new businesses, and buyer-supplier relations for the security of reliable supplies. For an analysis of this element, the company at first has to identify the key partners in order to recognize in a second step which key resources and activities can be received or conducted by those partners (cf. Osterwalder and Pigneur, 2010). Therefore we asked:

**Question complex 7**
- Which kind of companies are the partners?
- How are these partnerships defined?
- How are the companies interacting with their partners?
- In which way are the companies maintaining or improving the relationship towards their partners?

### 3.4.4 Financial Viability

Revenues and costs are basic but crucial elements of the financial part of a company and therefore it is also on the comparison of these two that success is judged. Therefore revenues and costs are also elements of the Business Model Canvas.

### 3.4.4.1 Revenue Streams

“The Revenue Streams Building Block represents the cash a company generates from each Customer Segment” (Osterwalder & Pigneur, 2010, p. 30)

This element stands for the incomes a company can gain through its customer segments. At the same time it helps the company to know for which values the customers are willing to pay and for which values they actually pay right now. Furthermore it should be of interest for the company how the customers are paying right now and how they would like to pay. Another important aspect is the percentage contribution of each revenue source to the total turnover. According to Osterwalder and Pigneur (2010), potential revenue sources
could be the sale of assets, user or rental fees, leasing, license, or fees for advertisement. Our questions are the following:

**Question complex 8**
- Is there a difference between the customer segments concerning the company’s revenues?
- How do the companies generate their revenues?
- Which part of revenues is related to one-time customers or ongoing payments?
- How do the companies create their price mechanisms - fixed or dynamic?

### 3.4.4.2 Cost Structure

*“The Cost Structure describes all costs incurred to operate a business model”*

(Osterwalder & Pigneur, 2010, p. 40)

The last element which has besides the revenues a decisive influence on the profit is the cost structure. This aspect covers all costs for the operation of the business model. Substantially, the cost structure of a business model consists of fixed costs and variable costs. In this context, Osterwalder and Pigneur (2010) differentiate between cost-oriented and value-oriented business models as two extreme types. The first type focuses on the minimization of costs, whereas the second type is more concentrated on the value creation in order to design high-quality offers. However, mixed types of both extremes are also possible and occur frequently. Therefore we asked:

**Question complex 9**
- Are the companies more cost- or more value-driven?
- To which level is the cost structure dependent on the partners?
- Are the companies able to create Economies of scale or Economies of scope?

### 3.5 Analysis Design

For the qualitative data analysis, we actually began right after the collection of the data. Particularly for semi-structured interviews it is a common practice to take quick notes right after the conversation with the participants (cf. Farquhar, 2012). Later on, the recorded interviews were transcribed word-for-word, the sketches were digitalized, and all data was prepared as a basis for the detailed analysis and evaluation. In qualitative oriented research as in this study it is placed great importance on the systematic derivation of evaluation dimensions from the generated material. This inductive formation of categories is also called open coding according to Mayring (2012). Therefore certain steps are necessary: at first, we determined broad category dimensions in terms of the research question. With these definitions in mind, we worked through the generated material - in form of the transcribed interviews - line for line. As soon as a suitable text section for a specific dimension was found, we created an own category for it. Such a category can be a term or a sentence which is close to the material. If another suitable text passage was found during the following analy-
sis, this passage was also assigned to this specific category. In case we were not able to assign a text section to one of the already determined categories, we created a new one inductively, meaning directly from the material. After the whole procedure, we proofed whether all categories match our subject and question of research and ultimately worked through the whole material again. As a final step, we analyzed which and how many text sections were assigned to each category. By following this procedure, we found patterns of the successful implementation of the Volvo Special Application Solutions business model across the four countries. The analysis of the results was carried out by both of us in order to ensure a trustful study. Two persons can better ensure that the research question is clearly written, the study design is appropriate and that the generated data was collected systematically and analyzed correctly. In addition we evaluated the results from two different perspectives and checked it afterwards in order to get a high accuracy. On this occasion, the idea behind such a cross-case analysis is to force the researcher to go beyond the first impressions in order to ensure an accurate and reliable theory, meaning a theory which is closely fitting with the generated data. In doing so, the developed theory is also empirically valid because it is consistent with the empirical observations (cf. Eisenhardt, 1989a).
4 Research Findings

In an effort to address the cultural influence on business models with special focus on the success factors, this section of the study presents the analytical results of the Volvo business model Special Application Solutions within the four countries Germany, Denmark, Sweden and Finland and their way of operating and cooperating with their partner companies and customers. The purpose of this multiple case study thus is to identify patterns of similarities within the four countries in terms of the successful elements and aspects of this specific business model. However, before we review the results of our analysis, we will now explain the specific Volvo business model in greater detail.

4.1 Empirical Case

We have chosen Volvo Construction Equipment for conducting our multiple case study because it is one of the largest international operating companies in the northern countries and besides that, well-known for their sustainable success. The enterprise was founded in 1832 in Eskilstuna in Sweden by J. T. Munktell and the brothers Jean and Carl G. Bolinder and develops, manufactures and markets equipment for the construction and related branches. Its products and services are currently offered in more than 125 countries through independent dealerships, whereas the manufacturing facilities are located in Sweden, Germany, France, Poland, the US, Canada, Brazil, Korea, China and India. The company is based in Brussels, but is a 100% subsidiary of the Swedish Volvo Group. This structural background can be seen in the Nordic corporate culture of the company, which is also emphasized by its slogan ‘Volvo - the partner to trust’ and plays a significant role in terms of the overall influence on the business models (cf. Volvo, 2007). The business model which we selected for this study is called Special Application Solutions and was implemented by Volvo dealers worldwide in a uniform way, so among other countries also in the four selected ones - Germany, Denmark, Sweden and Finland. It especially defines the role of the interaction between Volvo as the company which produces mass products designed and built for applicable markets and segments, and the partners which supply the dealers with low volume application solutions requiring a high degree of customization.

In the graphic on the left you can see an illustrated Volvo machine and the possible application solutions supplied by the partner companies. This constellation helps Volvo to focus on its core competence and let them keep their strong market position. At the same time, this special relation between the dealers and the supplying partners represents also the unique selling proposition and the success potential of the whole business model.

Figure 5 Special Application Solutions / Source: Volvo, 2007
Through the individual products and the experienced support from the partners, Volvo can offer customized and innovative machines to their customers and achieves thereby a high level of satisfaction. That is why the core value proposition within this business model is definitely the strong relation between the dealers and their partner companies which in the end also leads to a high customer loyalty and consequently to a good relation between them and the Volvo dealers.

The whole product range of Volvo CE, depicted in the right graphic, shows machines for all industry segments like Road Construction, Heavy Infrastructure, Mining and Oil & Gas. Furthermore, due to the partner applications, Volvo is also able to offer machines for the segments Material Handling, Recycling, Demolition and Forestry.

4.2 Results & Discussion

In this section we will now analyze and examine Volvo’s business model Special Application Solutions according to Osterwalder and Pigneur’s (2010) theory and evaluate if there exist common success factors and if, how they are influenced by the corresponding national culture of the four countries based on Hofstede’s (1993) concept of the cultural dimensions. The graphic below shows a first overview of the main business model elements.
4.2.1 Value Proposition

The first question complex addresses the issue of important characteristics for the two main actors of the examined business model - the dealer and the partner company. As a first step we therefore asked the Volvo dealers of the four countries to think about their own performance in terms of the given attributes and why customers choose their offered Special Application Solutions. Later on they should rank their answers on a scale from 1 meaning very important to 7 very insignificant. Our aim was thereby to get the reason why customers turned to those dealers and not to others or in other words, why exactly those dealers are so successful in their way to solve customer’s problems or satisfy customer’s needs.

The answers and evaluations are quite diversified across the countries so that we cannot find a reference to a major cultural influence. For instance in terms of innovativeness, Germany and Denmark rank it with 1 as very important, whereas Sweden and Finland rank it with 3 and 4. So for Germany and Denmark, the offered solutions obviously satisfy a completely new need of customers because there was no similar offering before. However, the business of construction equipment is a business with many customizations and individual adaptions in order to create value for individual customers. This kind of offer is much more important than innovations, which is also shown by the high ranks of Sweden and Finland concerning the attribute ‘Customization of the products’. In this context, a Sales Support Manager from the Swedish dealer said during the interview: “The customization is very important, because we always have been in the situation that we produce the machine that the customer needs. If we decline that, he will move to another brand.” What is evident beside that is the fact that the price seems to be a high decision criteria for customers to choose the Volvo dealer’s products. According to a Product Specialist from the German dealer, “the next question that came after a customer asks about a Special Solutions machine is: what are the costs of this machine?” This implies that in addition to the highly appreciated customizations of the products, the dealers also have to satisfy the needs of price-sensitive target groups in order to sell their Special Application Solutions.

As a second step, we asked the partner companies the same question in order to find out on what criteria the dealers select their suppliers. Here we received the same result, namely that the culture plays not an important role, since the answers are very different. At least in three attributes the partner companies agreed: both, the innovativeness of their own products and their own experience concerning their business are ranked as very important or important whereas the warranties the dealers get when they buy the products of the partner companies are ranked as rather important. This result for the warranties could be also due to the cultural fact that the Nordic societies are based on trust and honesty through their short-term orientation where a strong orientation exists towards tight relationships between business partners, so that guaranties or other securities are not seen as necessary for a good cooperation.

4.2.2 Customer Segments

The second complex deals with the different segments or groups of customers. As a part of the business model, the organization or company has therefore to decide which segment they want to serve and which they do not want to serve in order to gain a strong focus on the certain needs of a segment. For that reason we asked the four dealers about their most important customer of the Special Application Solutions. All of them stated that most of
their customers are from the niche and segmented market, which means that the customers are from different markets and are highly specialized meaning that they wish for individual and customized products. According to Osterwalder and Pigneur (2010), those kind of business models are usual for a supplier-buyer relationship like between the Volvo dealers and the supplying partner companies. The quotes of the four dealers best reflect the diversity of the segments due to the various environmental surroundings of their countries:

Here we can say that the dealer’s specialization on niche markets could be an important success factor for this business model due to the focused orientation of the products and services towards the customers. This strong orientation can be also seen in the percentage of customers who are buying Special Application Solutions. According to the answers of the four dealers, on average 10.6% of the customers demand those kinds of customized products which can be again linked to the regional circumstances of the countries with oil,

<table>
<thead>
<tr>
<th>Country</th>
<th>Position of the Interviewee</th>
<th>Supporting Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>Product Manager</td>
<td>“There are not so many customers for special application solutions, but Finnish railroads are one of our customers, looking for wheels on excavators. Then we have also smaller customers that work in forests; they are also asking for special applications.”</td>
</tr>
<tr>
<td>Germany</td>
<td>Product Specialist</td>
<td>“We have some interesting segments, but it is mainly earth moving applications. These machines work to remove all the dirt or whatever in the coalmine industry.”</td>
</tr>
<tr>
<td>Denmark</td>
<td>Technical Support Manager</td>
<td>“Our most important customers are demolition and material handling. The ones that are more challenging for us are the clients that work offshore like oil companies.”</td>
</tr>
<tr>
<td>Sweden</td>
<td>Sales Support Manager</td>
<td>“First I can say that the road construction is very important for us and also normal construction like building houses. Even the mining industry is a very frequent client.”</td>
</tr>
</tbody>
</table>
Based on this obvious orientation towards the customers, we asked the dealers about their trend scouting procedures and how they identify trends for new and innovative products. Surprisingly all of the dealers mentioned the customers as the primary source of new ideas. In this context the Technical Support Manager of the Danish dealer explained their customer-driven scouting procedure in the following way: “We mainly identify the market or customer trends over our clients. That means they come to us and ask for help in terms of a new need that they have (…). The partners actually don’t play any role in this identification of new trends.” Even one of the interviewed partner companies stated that “Most of the time the idea’s come from the dealers or customers” (Beco Vianen, Netherlands).

As a first conclusion we can therefore say that all the four dealers are extremely focused on specialized markets and customers and as a result also have a high percentage of Special Application Solution customers which need customized products and services. In addition their trend scouting procedures are customer-driven in order to be able to serve innovative and appropriate equipment. All these efforts and the strong focus on the customer’s needs is a clear factor for the success of this special business model in the four countries and influenced by the high degree of individualism. This means that every single customer is appreciated as an individual and his or her needs are valued in the way that the own opinion about a product counts as an important contribution to the trend scouting and the development of new products and innovations.

4.2.3 Distribution Channels

The next complex covers the aspect of the distribution channels which are an important tool for companies to communicate with potential customers and sell their products on the market. Without those channels it would be impossible to get the attention of the target group, deliver the products or provide an after sale service. Since this element is a significant part of the whole business model, we asked the four dealers with which kind of channel type they reach their customers for the Special Application Solutions. All of them use a mixture of direct and indirect channels to satisfy the customer’s needs. The Technical
Support Manager of the Danish dealer explained how it is working for them: “We use direct and indirect channels. Usually the Sales guys visit our customers, provide them with more information and show our products. However, our stores are also a way to reach our customers. I think the use of both channels is the most efficient method.” Here we can see that the dealers obviously found a successful method to reach all their customers - the ones of the mass market with their stores and the ones with specific wishes with the personal visits - in order to meet all of their individual needs. Concerning our question if the customer can also been reached directly by the partner companies, three of the dealers answered with yes. However, they mentioned a certain kind of arrangement between them and the partners: “(...) if a customer is asking one of our suppliers for a solution, they will tell them which brand is behind this product. If it is Volvo then they will ask the customer to talk directly with Volvo and then they will come back to us. They will never talk directly to the customer and try to sell this product to them.” (Sales Support Manager, Sweden). This informal agreement implies a tight connection to the cultural aspect of trust, honesty and transparency which is a common feature in the four countries. In other words, this kind of trust-based relationship between the dealers and their partners would not be possible and realizable without the high degree of those three attributes and can be understood as one part of their success.

Moreover we asked the four dealers what they think about the degree of innovation in terms of their Special Application Solution distribution and marketing activities, ranging from 1 absolutely traditional to 7 absolutely innovative. The given answers are quite diversified: for instance Denmark ranked their own activities as rather traditional, because “our salesmen deliver the machine and train the customer in how to operate it. In general, if a client is interested in a new special application, we take him to a reference client that is using the same machine.” (Technical Support Manager, Denmark). On the contrary, the Swedish dealer evaluated their own distribution and marketing activities as absolutely innovative: “I think it is absolutely innovative because it is very important how we are interacting and showing the news, magazines, whatever. We always try to have a success story to show and then the customers start to think ‘Oh, that is really something for me’ and then he will look for this type of solution.” (Sales Support Manager, Sweden).

To complete this section, we can say that the industry sector of construction equipment is a quite traditional business with more direct contact to the customer and less web-based or innovative distribution or marketing. Due to this reason the innovation degree is relatively small, however the dealers recognized that this is not that important for the overall success of the business and the turnover since the specific customer wish for personal contact and support.

4.2.4 Customer Relationship

A company like the Volvo dealers should be clear about the type of connection between them and their customers in order to improve the relationship which in turn also improves the sales in the long-term. That is why we asked the dealers to define their own relationship with their customers of Special Application Services. As a result, all of the four dealers mentioned the strong personal relation to their customers. However, the dealers stated that this relation is not different compared to other customers who buy other products, except the fact that “Special application clients are special because they need more time from us. So it is an even more personal relationship.” (Product Manager, Finland). This personal relationship is managed by all four dealers traditionally through personal visits at the
customer’s site and via regular phone calls like the Sales Support Manager of the Swedish dealer explained: “Usually the first contact is made by telephone. So the salesman contacts the customer and when it starts to get close to the deal he (the salesman) is always meeting the customer personally to have an agreement on what the customer really wants.” In addition to that the German dealer also tries to improve the relationship towards the customer through surveys where “(w)e ask how satisfied are they (the customers) with Swecon in Germany related to sales support, after-sales, spare parts, if we deliver fast enough, etc..” (Product Specialist, Germany). Especially this kind of personal relationship is definitely one key to the success of this certain business model within the four countries, since every single customer is appreciated and valued as important.

In this context we also asked the four dealers how important the following motivations or aspects are for their relationship with the Special Application Solution customers: customer acquisition, customer retention, and boosting sales. They should rank their answers with 1, meaning very important to 7, very insignificant. As an explanation: if a company is new on the market, then as a first step aggressive acquisition strategies could be involved to get new potential customers. When the market is more saturated and the company established a large customer base, then most companies change their strategy to customer retention and increase the average revenue per customer. Finally, another motivation for an intensified relationship with the customers is the boosting of the sales. The most important aspect for all the four dealers is thereby the customer acquisition. However the maintaining and improving of the relationship towards the Special Application Solution customers is also significant for the dealers as the Sales Support Manager from the Swedish dealer illustrates: “I think it is very important that the contact person contacts the customer to see if the machine is working. The salesman has to go there to have a discussion afterwards to see if it’s working or not. If the customer is then happy, he will repeat the sale if he needs this type of application again.” Another successful method is used at the German dealership where the salesmen visits a reference customer together with the potential customer who is interested in this special machine in order to show him or her how the machine is running and also to provide the opportunity to try the machine under real conditions. The Danish dealer also offers a special offer to its customers and provides a service to fulfill their necessities: “We try to have our workshops as more accessible as possible. For example, the railroads machines are working during the night. So if they need maintenance or some kind of support we will provide it during the night.” (Technical Support Manager, Denmark).

To conclude, it can be said that we can find a huge cultural influence on the aspect of customer relationship. The dimension of Individualism is strongly expressed by the Nordic culture of the four countries which means that they highly value personal opinions. In our case we can see the consequences in the great and tight relation between the dealers and the customers. Every single customer is appreciated and his or her own ideas are seen as important elements for the process of product development. Besides that, another dimension forces this circumstance: the low level of masculinity or in other words the femininity. All nations, except Germany, are known for cooperative and social interactions within the society and value solidarity, which is again expressed in the way the dealers manage the relation with their customers. Especially the personal way the salesmen are interacting with the potential clients and their efforts to maintain this relationship provide an argument for this joint and social management of the whole buyer-seller-relationship and definitively are two important elements of the overall success of the business model implementation within these countries.
4.2.5  Key Activities

Within this complex we want to analyze those actions of the dealers which are crucial for successful operations. These activities can be categorized into three main classes: the first one is delivering the Special Application Solutions to the customer respectively the market. Thereby we include the designing, the manufacturing and the delivering of a product. Those types of activities most often dominate in business models of producing companies. The second category is called ‘solving customer’s problems’ and actually means that companies with this form of activities are focused on the creations of new solutions for specific customer needs in order to add value. The third and last category is concentrated on the whole networking within the business model, meaning the interaction between the three main actors, the Volvo dealers, the partners, and the customers. Thereby a lot of successful business models use specific platforms or software to manage this interaction on a professional level. Based on those three activities we asked the Volvo dealers, which one is the most important one for them and let them rank their answer on a scale from 1, very important to 7, very insignificant.

As a result, the both last activities are for the four dealers the most important activities. In this context, the Sales Support Manager from the Swedish dealer said: “Solving the customer’s problems is very important for us, because that’s the difference in many countries in Europe. We have to give the solution and not try to invent something that is not possible.” This involved strong interaction with the customers is also combined with the interactive network the dealers have with their clients and partners in order to satisfy the needs of every party who is part of this cooperation. If the network is not strong, the communication and exchange of ideas is lacking and as a result the products are not developed to the specific and individual needs of the customers. This results can be again related to the high degree of Individualism across the four countries.

4.2.6  Key Resources

Linked to the Key Activities are the Key Resources which were also analyzed during this study. Without the resources, a company cannot create any added value, sell products on the market or earn revenues. To put it briefly: without resources a business model cannot exist. Thereby, key resources can be physical, financial, intellectual or human and we can even differentiate them in terms of owned or leased respectively acquired from partners. In this connection we asked our interview partners from the four dealers how important the resources are for them and we got quite different results across the four countries. However, three resources were ranked as very important from at least two countries at the same time: the Volvo brand, the customers and the employees. Due to the enormous popularity and the image of high-quality products, the Volvo brand itself plays an important role for the customers to choose this machine or equipment and not the one from another brand. Here, the cultural short-term orientation with the attributes of trust, honesty and transparency might also have a positive influence since especially first customers have to rely on the image, the promises of the company and the reputation of other customers. As already mentioned, the dealers of the four countries also highly value their customers, their ideas and their contribution to the cooperation, which makes them to
one of the most important resources for this specific business model where products are always customized to the individual needs of the clients. That is also the reason why the Swedish Sales Support Manager stated in this term: “Customers, that’s the number one for us!” The third crucial resource for the dealers are the employees which is easily comprehensible since they are the ones with the most direct customer contact and the necessary knowledge and skills in order to fulfill their needs and wishes. This high evaluation during our interviews could also be an effect of the significant low culture dimension of Power Distance which is reflected in the high independence of individuals in the general society of the four countries and of employees within the dealerships in particular. In practical terms, the power in the dealerships is often decentralized and even simple workers or employees are seen as important experts and consultants by the managers. That is why it needs pointing out here, that this kind of strong commitment towards the brand of Volvo, the customers and the employees is one essential aspect of the successful implementation of this business model within the four examined countries Germany, Denmark, Sweden and Finland.

### 4.2.7 Key Partnerships

Most of the companies have partnerships with other companies with which they cooperate or jointly work on projects. That is why the Key Partnerships are an essential element of business models nowadays and especially the Special Application Solutions business model of Volvo is based on the strong partnership between Volvo as the brand, its dealers and their corresponding supplying partner companies which are responsible for the specialized and customized solutions in terms of construction equipment. Thereby we can categorize the partnership into four different types: the strategic alliance between non-competitors, the strategic partnership between competitors, the joint venture and the buyer-supplier relationship (Osterwalder and Pigneur, 2010). During our interviews, all four dealers and also the two partner companies defined their partnership as a buyer-supplier relationship. In terms of the type of partner companies the dealers mentioned several different businesses as the quotes show below:

<table>
<thead>
<tr>
<th>Country</th>
<th>Position of the Interviewee</th>
<th>Supporting Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>Product Manager</td>
<td>“Our partners are smaller tool producers.”</td>
</tr>
<tr>
<td>Germany</td>
<td>Product Specialist</td>
<td>“We have official partner contracts with our suppliers like CeDe in Malmo and Beco Vianen in the Netherlands.”</td>
</tr>
<tr>
<td>Country</td>
<td>Role</td>
<td>Quote</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>Denmark</td>
<td>Technical Support Manager</td>
<td>“When we have these big applications deals, we work only with CeDe Group and that’s because this company is certified by Volvo. This company is very close to the Danish border so it is very easy for us to bring the customers there and they are very skilled.”</td>
</tr>
<tr>
<td>Sweden</td>
<td>Sales Support Manager</td>
<td>“Our partner companies are technical driven and consultative. Sometimes the consultant is working with the documentation but sometimes they even have their own workshops.”</td>
</tr>
</tbody>
</table>

However, what those partnerships all have in common is the fact that they are built to optimize the distribution of resources and activities. So in this specific business model of our study, Volvo is responsible to produce all mass-produced machines and products, whereas the partner companies provide the dealers with all the customized and individual special application solutions. As a result of this outsourcing, Volvo can be more focused on its own core business and reduce costs. A basic prerequisite of such a tight connection between the dealers and the partners is thereby their frequent interactions in form of regular personal meetings as the Sales Support Manager of the Swedish dealer told us: “I think we are very close to each other, we talk frequently. For some companies, we even have frequent technical meetings with their specialist.” In terms of the frequency of the personal meetings, we also asked the dealers how often they personally meet their partner companies. The German and Swedish dealers are meeting their partners at least 1.5 times a year, whereas the Finish with 2 and the Danish with at least 6 times per year are meeting more often.

Thus, beside the personal meetings the dealers are interacting also a lot via phone or mail with their partner companies as one partner told us during the interview: “We have a tight connection to the dealers and also to Volvo. For example I talk nearly every day with the Global Director of Business Development at Volvo CE, but at least 1-2 per week. We speak about products, problems, new ideas, customer wishes, etc. This connection is based on meetings and visits, but it is also done via phone or mail.” (CeDe Group, Sweden). In the context of this question complex we also asked the dealers and partners about the exchange of ideas and if there is maybe a special platform for discussions. Nevertheless all the dealers denied having a certain kind of tool or web based platform to exchange ideas with their partners, all of them are discussing with them about ideas as the Technical Support Manager of the Danish dealer stated in his answer: “Yes, we discuss our ideas with our partners. We do meetings where we get the drawings to see how we could realize the customer wishes and implement them in the machines.” In addition, the Swedish Sales Support Manager mentioned that “[i]t is very often that the customer comes to us with a need and then we discuss it together with the partner via mail or phone.” This social and cooperative aspect of the business model is definitively a success factor and influenced by the low cultural index of masculinity which forces jointly and solidly projects and a regular exchange of ideas and opinions between all parties of the business model in order to pull in
the same direction.

Linked to an exchange of information is however the aspect of control, since the dealers have to deliver their products and machines on time. That is why we asked in a following question in which way the dealers are controlling the product development progress at the partner’s site. According to earlier answers, the dealers are not controlling their partners in a strict way because there is a common atmosphere of trust and honesty based on the cultural dimension of short-term orientation within those four countries. The Danish Technical Support Manager replied that “(t)here is not a tight control, but usually we are monitoring the project, because it is mainly the end customer who is curious as well. So he goes to visit the project to see how it is going on and to control the whole process.” In this context also the partner company mentioned that there is actually not a formal control of their operations and activities: “During the development we invite the dealers and sometimes also the customers to visit us and discuss the new product or their needs and wishes. There is no formal reporting but it is actually not necessary because we are talking to each other so often.” (CeDe Group, Netherlands). In consequence this led us to the question about how the dealers can rely on the partner’s skills if they do not control them strictly. And again, the given answers imply a high degree of trust between the dealers and the partners as you can see with the quotes:

Chart 6  Supporting Quotes Key Partnerships / Source: Own resource

<table>
<thead>
<tr>
<th>Country</th>
<th>Position of the Interviewee</th>
<th>Supporting Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>Product Manager</td>
<td>“When there is a relation of trust between the partners and us, they are always welcome to work in new projects. It is all based on trust.”</td>
</tr>
<tr>
<td>Germany</td>
<td>Product Specialist</td>
<td>“The most important is - as we talked before - reference projects. We choose a company that has experience in this and this…That is the easiest way to do it.”</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Partner Beco Vianen</td>
<td>“When there is a project running we keep them updated regularly about the progress and inviting them to our company. The skills are ensured by the ISO09001 certification and of course the VOLVO Partnership Agreement.”</td>
</tr>
</tbody>
</table>

Since we have seen that especially the relationship between the dealers and their partners is based on trust, one question of our interview was also clarifying the way the dealers are
maintaining and improving this special relationship towards the partner companies and preventing them to work and produce machines for the competitors. As the Product Manager from the finish dealer told us, “(n)ormally there are no problems that they are working with other customers from different brands. It’s ok for us, because we rely on them that they are not giving important information to the competitors.” However, that this fact is not only a question of trust is illustrated by the Swedish Sales Support Manager: “We cannot force them (the partners) to just supply us, but since we have 68% of the market, we are the big ones and they know that if we are not satisfied with the work they do they will not sell their products in Sweden and they will lose market shares in Sweden.”

4.2.8 Revenue Stream

“If customers comprise the heart of a business model, Revenue Streams are its arteries” (Osterwalder & Pigneur, 2010, p. 30). With those words, both authors explain the next element which was analyzed during this study. In practical terms, revenues should be always focused while running the business since a company can only exist on a long-term when it generates more revenues than costs. In doing so, a company generates different revenues from different customer segments and products. That is why our next question deals with the percentage of revenues for one-time customers and for ongoing customer payments in terms of Special Application Solutions. The following graphic shows the results for every country we examined.

![Different categories of payment](image)

Figure 9 Different categories of payment / Source: Own research

All interviewed dealers have a similar distribution of their revenues since they are mainly provided by ongoing payments from regular customers who buy machines frequently but also ask for after sale services like personalized assistance or a dedicated maintenance plan in order to have a fully functional machine all-the-year. This necessity makes the percentage of on-time customers very low as it is also illustrated in the chart above. However, during the interviews all the dealers stated that this type of revenue distribution is very common since usually no client just buys one single huge machine without any after sale service.

During this issue of revenue streams we also asked the dealers in the following question about the price mechanism they usually have since the chosen type - if fixed or dynamic - can mean a big difference in terms of the generated revenues. However concerning the
revenue generated from normal machines or from Special Application Solutions, the dealers recognized that there is no distinction between the way the price of the machine or product is agreed between them and their customers. According to them, the final price of a machine is agreed between both parts after negotiations as the Technical Support Manager from the Danish dealer stated: “We use negotiations to agree the final price with our clients”. This view was also supported by his Finnish colleague as he said “(n)ormally we have a price list and that says something about where we should start the negotiations and after some time we find an agreement that works for both sides.” (Product Manager, Finland).

In order to continue the purchasing process for the dealer, we asked them correspondingly if there is a difference between the customer segments in terms of the amount of revenues. All of the four interviewed contacts denied the difference: the Danish Technical Support Manager said thereby that “(i)t depends, because the revenues are connected to the technology of the machine” and the Finnish Product Manager even mentioned that “(i)f yes, with normal customers we maybe have a little bigger margin than with the Special Application Solutions”. This result is due to the fact that it means much more time, effort and costs for the dealers to coordinate the customer’s needs and ideas of such a unique segment with the possibilities of the dealers, make a prototype and discuss it with the customer in order to produce the final machine.

These circumstances are certainly also the reason why the percentage of turnover which is connected to Special Application Solutions is not above 10% for two of the dealers - Denmark and Finland - as you can see in the graphic below.

![Figure 10 Percentage of the turnover / Source: Own research](image)

However, for the German and Swedish dealer the Special Application Solutions are a central share of their turnover which is nearly 100% as the Swedish Sales Support Manager said: “In general, almost all of our machines have something special.” All of these turnovers are mainly generated by the sales of assets, meaning the machines. According to the Finish dealer they also provide other solutions to the clients as an alternative to buy the machines like leasing or renting in order to push their turnovers.

As a conclusion of this question complex we can say that the revenue stream is not influenced by the culture in which the examined business model is located. It is even more
possible that it is influenced by the certain type of industry.

4.2.9 Cost Structure

Every business model includes also certain costs for necessary resources like for example the employees, the infrastructure and the products itself. Usually every company tries to minimize the cost and therefore wants to create an optimized cost structure with a huge degree of automation and outsourcing, but there are also other business models where low costs are not that important and where the creation of value is more focused. Typically those companies are the ones with a high degree of customization, personal services and high-quality products. Due to the fact that there is such a great difference between both categories, we wanted to know during our interviews we conducted with the four dealers to which category of companies they belong - to the cost-driven or the value-driven ones. Concerning this question, all the countries with the exception of Denmark stated that they are more value-driven dealerships, which is due to their offered Special Application Solutions, where the need of the client is put in the focus and therefore also the products are primarily oriented towards the value and quality and not towards the costs. However, in the Danish case a more value-driven cost structure is desired but still not achieved. This gets clear with the quote from the Danish Technical Support Manager: “It would be nice if we can do a more value-driven proposition, but for now we are more cost-driven.” This result of the Danish dealer is also a consequence of their low percentage of turnover in terms of the Special Application Solutions as you can see in the previous section. If they raise the volume of such specialized products they would have also the opportunity to orientate their cost structure more towards those products.

In addition we asked the dealers if their cost structure depends on their partner companies. As a result we got the answer that the Volvo dealers are influenced by the cost structure of the main suppliers of the dealerships. For the three Scandinavian countries and Germany, the Special Application Solutions are mainly supplied by Beco Vianen from the Netherlands and the Swedish CeDe Group. These companies work with several clients and reached nowadays a significant market power when it comes to special tools and machines. Due to that, these companies will have power in the price negotiations and consequently will influence the cost structure of the dealers as the Danish Technical support Manager explained to us: “We are of course dependent on the cost-structure of our partner. When the applications are going to be really expensive then we cannot sell them to our clients.” However, due to the local needs in the Finnish market, the dealer is there mainly supplied by small Finish manufacturers and consequently the suppliers have no impact on the cost structure of the dealer as the quote of the Finish Product Manager demonstrates: “Our cost structure is not dependent on our partner’s cost structure because our partners are small workshops compared to us.”

Our last question dealt with the issue of economies of scale or scope and if these strategies are possible for the dealers in the four countries. Thereby we got unanimous replies that economies of scale are not possible to be created with this special kind of business model. The market for specialized and individual construction equipment is just a small market where it is not possible to create cost advantages through huge amounts of outputs as the contact person of the Swedish dealer told us: “We have a low volume, so it is not possible to create economies of Scale.” (Sales Support Manager, Sweden). Moreover, due to the specifications of the clients and especially of the needed machines, the Volvo dealers think that it is more appropriate to create economies of scope with the Special Application
Solutions business model, when it is possible: “We have a small market so we cannot sell in quantities and therefore also cannot create economies of scale. We are more focused on economies of scope.” (Product Manager, Finland). Those mentioned economies of scope can be for instance a larger scope of operations like similar sales and marketing activities which is the case for the dealers in the four countries. Again, in this complex we could not find any information that the cost structure is influenced by the culture of the four countries. Other factors such as the special industry with its certain conditions might play a more important role.
5 Conclusion

The present multiple case study aims to analyze the influence of the national culture on the success factors of the Volvo business model Special Application Solutions across the four countries Germany, Denmark, Sweden and Finland. Therefore the respective characteristics of Hofstede’s (1983) cultural dimensions have been derived through a literature review and suitable measures with regard to the single elements of a business model were defined according to Osterwalder and Pigneur (2010). The arising research question was then investigated based on interviews with responsible employees of the four dealer sites in the countries. In the chart below you will find an overview of the found patterns of success factors and the corresponding cultural influences.

Chart 7 Conclusion Overview / Source: Own research

<table>
<thead>
<tr>
<th>Area</th>
<th>Common success factors</th>
<th>Cultural influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Proposition</td>
<td>Offering customized and innovative products to an appropriate price</td>
<td>Not clearly identifiable</td>
</tr>
<tr>
<td>Customer Segments</td>
<td>Niche or segmented markets</td>
<td>Individualism</td>
</tr>
<tr>
<td></td>
<td>Strong orientation towards customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customers as primary source of ideas</td>
<td></td>
</tr>
<tr>
<td>Distribution Channels</td>
<td>Mixture of direct and indirect channels</td>
<td>Individualism</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>Personal relationships</td>
<td>Individualism / Femininity</td>
</tr>
<tr>
<td></td>
<td>Focus on maintenance and improvements</td>
<td></td>
</tr>
<tr>
<td>Key Activities</td>
<td>Solving customer problems</td>
<td>Individualism</td>
</tr>
<tr>
<td></td>
<td>Providing a platform for interaction</td>
<td></td>
</tr>
<tr>
<td>Key Resources</td>
<td>Volvo brand</td>
<td>Transparency, trust and honesty</td>
</tr>
<tr>
<td></td>
<td>Customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td></td>
</tr>
</tbody>
</table>
Based on the results of our study, the heart of the whole Volvo business model, namely the value proposition, is not influenced by the national culture of the four countries. The same applies for the two finance-related elements: revenue stream and cost structure. We did not find any indication that the implementation of those three elements is affected by the cultural background of the respective dealers, but by the specific industry and the thereby connected particularities. The sector of construction equipment is quite unique and deals with customers from different segments like Mining, Recycling or Forestry. These customers need customized products for their tasks and therefore also have special and individual wishes. That is why the main value the dealers create for their clients, is the innovative product they asked for - independent from the location. In this context we also found out that the element of revenue stream is connected to the dealer’s unique way of creating and delivering value, since their customers are usually regular and no non-recurring customers. This means if a client orders a machine at the Volvo dealer site, he or she will highly likely also buy the next machine at this dealer since the products and the service are so unique and not easily interchangeable by competitors. In addition, the cultural impact on the cost structure of the business model was not clearly identifiable. Since the products are individually customized and therefore the dealer’s amount of work and with it also the costs are a lot higher than they are for normal and uncomplicated mass products, the whole business model is value-driven instead of price-driven. This fact in turn is also linked to the special relationship between the dealers and their partner companies. The partners are supplying the dealers with all the special application solutions in order to modify mass products and meet the special needs of the dealer’s customers. However, this strong position of the partners within the relationship also provides them with power to discuss about the conditions and prices for the products. As a result, the dealers are then dependent on their price limits which then also determine the final prices for the customers. To sum it up, all these business model elements are quite focused on the special type of industry in which this business model is implemented and therefore no cultural influence was found during our research.

Nevertheless, the majority of the success factors we found during our research is influenced by the respective culture of the countries. Thereby the cultural dimension of Individualism plays a crucial role since all four countries scored equally high on this index. This means that personal opinions are strongly valued and expressed within the society and every single individual is perceived as important. This is also reflected by the results of our analysis: all questions about ‘who are the customers?’, ‘which kind of relationship do the

<table>
<thead>
<tr>
<th>Key Partnership</th>
<th>Strong and personal relationship</th>
<th>Individualism /</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequent contact with exchange of ideas</td>
<td>Transparency, trust and</td>
</tr>
<tr>
<td></td>
<td>Little control of the partners</td>
<td>honesty</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue Stream</th>
<th>Mainly ongoing payments</th>
<th>Not clearly identifiable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dynamic pricing process</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Structure</th>
<th>Value-driven</th>
<th>Not clearly identifiable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Structure depends on the suppliers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economies of scope</td>
<td></td>
</tr>
</tbody>
</table>
dealers have with their customers? how do they reach them? showed the picture of high emphasize on the diversified clients and their needs. The dealer’s success factor here is their strong orientation towards their customers from niche or segmented markets like for instance the Mining or Forestry industry. In order to meet their needs and wishes, they pay particular attention to them and also involve them into their process of idea generation. In practical terms, they ask the customers frequently about their ideas and suggestions for new and innovative products which implies that they highly appreciate their opinion and their requirements. This strong relation is also forced and improved by personal contacts during the acquisition of machines and the after sales support where the sales employees of the dealers also ask their clients about their satisfaction with the products and the service in order to improve this relationship further and integrate their individual views. Every single customer is to feel important and that their voices are worth listening to. In connection to this, we also want to mention the success factors of the business model’s key activities. All examined dealers of the four countries told us that their main activity is to solve customer problems and provide a platform or network where customers and partners can exchange needs and ideas in order to come up with innovative and helpful products. This highlights again the dealer’s efforts to meet the customer’s individual requirements and shows their objective to value every single idea. Here it is also necessary to point out the importance of the key partnerships the dealers have. We identified thereby the success factor of strong and personal relationships between the dealers and their partners - an aspect which is also influenced by the cultural dimension of individualism but in fact even more by the cultural characteristic of Nordic countries in terms of transparency, trust and honesty. It is especially demonstrated by the little control of the partners by the dealers. Of course they have negotiated contracts with strict conditions with their partner companies as the dealers told us during the interviews, but in case of a project the partners can work on their own in direct coordination actions with the customer. The dealers trust them and rely on their transparency and honesty in terms of the project progress, delivering deadlines and the quality of the supplied products - success factors which gave Volvo its exceptionally good reputation within the industry. In this context it is then just a logical consequence that the Volvo dealers evaluated their own Volvo brand, their customers and their employees as the most important key resources. Based on the trust in the good quality of their partner’s products and the high appreciation of their customer’s opinions and ideas in combination with the believe in their skilled employees, those three resources are only some elements and success factors of Volvo’s Special Application Solutions business model.

To summarize and answer our initial question if the national culture of a country can influence the success factors of a business model, we can conclude that certain elements are obviously affected by the national culture. We found several patterns of success factor across the dealer sites of the four countries which are characterized by their similar Nordic culture. This means that these dealers implemented this unique business model in the same way and also operate in a comparable way. However, there are also certain aspects and elements of the business model with no influence by the culture due to their strong connection to the specific industry, market conditions and customer characteristics. That is why we can recommend companies which plan to transfer their business models to other countries with different cultural backgrounds, to attach great importance to the right implementation of the success factors in order to operate efficiently but also to keep in mind the specific conditions and requirements of the corresponding industry.

Nevertheless, there are also some limitations in the present study, especially in terms of the research design with the multiple cases we examined.
5.1 Limitations

We selected the multiple case design for our study in order to investigate this complex issue of cultural impact on an international business model since a case study offers the opportunity to get a rich and comprehensive overview of a real-life phenomenon. It also enables the researcher to illuminate situations which are so far under-developed. That is why case studies play a significant role in advancing certain research topics. However, these certain characteristics of case study research also stand for certain limitations in their application.

These limitations include the problem of being reliable, valid and generalizable. In this connection, Hamel (1993) stated that "the case study has basically been faulted for its lack of representativeness (...) and its lack of rigor in the collection, construction, and analysis of the empirical materials that give rise to this study" (p. 23). These lacks can be normally minimized through a sufficient amount of cases, but due to resource and time constraints we just were able to conduct a limited number of interviews. Linked to these general limitations is the problem of subjectivity and integrity in terms of the researchers since they are the ones to do the data collection and also the evaluation in the end. That is why the reader as such has to rely on our intuition and skills to develop a research study with good and trusting results. Moreover, there is the issue of ethnocentrism, which means that every researcher who handles with intercultural topics also underlies a certain kind of cultural marking. Therefore, it is hardly possible to completely dissolve this distortion. As Hickson & McMillan (1981) already stated: "we researchers are too much mental prisoners of the nations whose passports we carry" (p. 190) which means that even the way the gained results are interpreted, is influenced by our own culture.

Furthermore, this study focused on the national culture of countries, whereas in business also other factors play important and influencing roles. For this reason, alternative explanations such as the corporate culture of a company, the certain industry or the special customers have not been taken into account to such an extent. Additionally this study about the four countries Germany, Denmark, Sweden and Finland just covers one cultural region. However, all the mentioned limitations in turn represent starting points for further research activities.

5.2 Further Research

Further studies should expand the cultural context in order to increase the generalizability of the generated data. This means that we suggest to do the study with more emphasize on surrounding aspects like the certain industry a company is involved in and the customers the company is delivering value for. Another interesting perspective could be also to take a closer look at the impact of the corporate culture of a company on their transfer of business models to other countries, since it may indeed be that the corporate culture of the parent company Volvo Construction Equipment has a huge impact on the local procedures and processes within the dealer sites in the four examined countries.

One might also break down the comparison of the success factors into a cross-industry comparison to get more meaningful and general results which can then also be applied not only in this specific construction industry but more comprehensively. In addition it could
be interesting to include also other countries to the sample. In this study we focused only on the countries Germany, Denmark, Sweden and Finland which together represent the Nordic culture. The similarities between these countries made us reach clear conclusions about their implementation of Volvo’s Special Application Solutions business model and let us identify their common success factors. Nevertheless, in a further study this sample could be enlarged by more or dissimilar countries in order to gain stronger findings.

However, the major limitation in this investigation is the limited sample size. For further studies it is therefore recommended to increase the sample size in order to get a more comprehensive data volume and again to increase the generalizability of the results.

We restricted our research to employees of the four Volvo dealers and two partner companies. In further studies it could be helpful to have a new perspective from employees with other backgrounds or from customers. This enlargement of the research’s sample will provide a new view about the success factors of Volvo’s Special Application business model that can later be compared with the findings achieved in this existing study. For all these mentioned reasons, a certain degree of attention should be exercised when using the findings of this study and therefore further research is needed.
List of references


List of references


## Appendix 1: Result List from the Literature Review

<table>
<thead>
<tr>
<th>Source</th>
<th>Year</th>
<th>Literature</th>
<th>Main topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primo - Library Database</td>
<td>1973</td>
<td>Hall, E. T.: The Silent Language. Anchor, USA: Anchor</td>
<td>Culture as the silent language</td>
</tr>
<tr>
<td>Source</td>
<td>Year</td>
<td>Literature</td>
<td>Main topic</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------</td>
<td>----------------------------------------------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
</tbody>
</table>
Appendix

Appendix 2: Interview Guideline Dealers

1) General questions:

- What is your job position?
- What are your main tasks?
- How long did you already work as a dealer for Volvo?
- When was this dealership established, and what is your annual turnover?

2) Customer segments

- Who are your most important and/or challenging customers of special application solutions?
- Which percentage of your customers is buying special application solutions manufactured partly by your partners?
- How do you identify market/customer trends in special application solutions?
- Which role are the partners playing referring to this trend scouting?

3) Value proposition

- What do you think, how important are the following characteristics for a customer to choose your special application solutions and services? And why?

<table>
<thead>
<tr>
<th></th>
<th>Very important</th>
<th>Important</th>
<th>Rather</th>
<th>Neither</th>
<th>Rather</th>
<th>Insignificant</th>
<th>Very insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall service of the dealer</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Innovativeness of your service</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Accessibility of the dealer</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
Appendix

Overall performance of the dealer

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

Quality/brand/image/status

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

Customization of the products

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

Design of the products

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

Price of the products

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

Product Maintenance frequency

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

4) Channels

- Which kind of Channel types do you have to reach customers for the special application solutions?
  - Direct: Sales force, web sales
  - Indirect: own stores, partner stores, wholesaler, the Volvo organization
- Which one(s) works the best/most efficient? And why?
- Can the customers be reached directly by your partners?
- In general, to which extent do you think that your distribution/marketing activities referring to your special solutions are innovative?
Appendix

<table>
<thead>
<tr>
<th>Absolutely innovative</th>
<th>Quite innovative</th>
<th>Rather innovative</th>
<th>Nor innovative</th>
<th>Rather traditional</th>
<th>Quite traditional</th>
<th>Absolutely traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

- Why? Mention some examples
- How do you deliver your special application solutions to the customers?
- Are you providing additional products or after sales services beside the special solutions to the customers? Are those products also provided by the partners?
- How satisfied are you with the provided after sales service? And why?

<table>
<thead>
<tr>
<th>Absolutely satisfied</th>
<th>Quite satisfied</th>
<th>Rather satisfied</th>
<th>Nor satisfied</th>
<th>Rather unsatisfied</th>
<th>Quite unsatisfied</th>
<th>Absolutely unsatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

5) Customer Relationship

- Which kind of relationships do you have with your customers buying special application solutions? Is it another than with the ‘normal’ customers? (Personal assistance, Dedicated personal assistance, Self-service, automated services, communities, co-creation)
- How do you manage your relationship to the customers? Only personally or also online, or via telephone?
- In which way are you maintaining and improving your relationship towards those customers i.e. rewarding repeat buyers, in order to prevent them to go to the competitors?
- How important are the following aspects for the relationship with special solution customers?
### Appendix

<table>
<thead>
<tr>
<th></th>
<th>Very important</th>
<th>Important</th>
<th>Rather important</th>
<th>Neither nor insignificant</th>
<th>Rather insignificant</th>
<th>Insufficient</th>
<th>Very insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer acquisition</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Customer retention</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Boosting sales (upselling)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

- Do you think your product range is sufficient concerning the special customer’s needs? Why?

<table>
<thead>
<tr>
<th></th>
<th>Very sufficient</th>
<th>Sufficient</th>
<th>Rather sufficient</th>
<th>Neither nor sufficient</th>
<th>Insufficient</th>
<th>Very insufficient</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

6) **Revenue Stream**

- Which kind of percentage of your revenues is due to:
  - Transaction revenues resulting from **one-time** customer payments?
    - Percentage of on-time payments: ~____%  
  - Recurring revenues resulting from **ongoing payments** to either deliver additional products/features or maintenance support?
    - Percentage of on-time payments: ~____%  

- Is there a difference between the customer segments you provide with special application solutions concerning your revenues? If yes, which?

- Which ways of generating revenue are you using?
Appendix

- Which percentage of your turnover is connected to special application solutions partly produced by partner companies?

- How do you create your price mechanisms?
  - Fixed: for example
    - list prices
    - dependent on product features
    - dependent on customers segment or volume
  - Or
    - Dynamic: for example
      - negotiations
      - dependent on if it is an innovation or old product
      - dependent on demand or competitive bidding

7) Key resources

- How important are the following resources for your business success in terms of special application solutions?

<table>
<thead>
<tr>
<th></th>
<th>Very important</th>
<th>Important</th>
<th>Rather important</th>
<th>Neither important nor</th>
<th>Rather insignificant</th>
<th>Insignificant</th>
<th>Very insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own facilities &amp; buildings</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>The products themselves</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Distribution networks</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
### Appendix

<table>
<thead>
<tr>
<th>Patents &amp; CE</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo Brand</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Partner’s products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Customers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Financial resources</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

#### 8) Key activities

- **What are your key activities as a dealer? And why?**

<table>
<thead>
<tr>
<th>Very important</th>
<th>Important</th>
<th>Rather important</th>
<th>Neither important nor</th>
<th>Rather insignificant</th>
<th>Insignificant</th>
<th>Very insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivering special application solutions to the market</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Solving customer’s problems</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>
9) **Key Partnerships**

- Which kind of companies are your partners concerning the business of specialization and modification of machines? How would you define the partnership?
  - Strategic alliance between non-competitors
  - Co-opetition (strategic partnership between competitors)
  - Joint ventures to develop new businesses
  - Buyer-supplier relationships to assure reliable supplies
- How are you interacting with your partners? How frequently do you have meetings?
- Is there a special platform or a process for exchanging information?
- Do you discuss new product ideas together with the partner? And how?
- In which way are you able to control the product development progress at the site of your partners? How can you rely on the partner’s skills?
- In which way are you maintaining and improving your relationship towards your partners in order to prevent them to go to the competitors?
- How important are the following characteristics for you referring to your partners? And why?

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Very important</th>
<th>Important</th>
<th>Rather important</th>
<th>Neither important nor</th>
<th>Rather insignificant</th>
<th>Insignificant</th>
<th>Very insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warranties</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Innovativeness of their products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Experience</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
### Cost Structure

- Is your cost structure more fixed or variable?
- Is your dealer site more cost-driven or value-driven?
- To which level is your cost structure dependent on your partners?
- Are you able to create Economies of Scale or Economies of scope?
Appendix

Appendix 3: Interview Guideline Partners

1) General questions:

- What is your job position?
- What are your main tasks?
- How long did you already work as a partner for this Volvo dealer?
- How would you define your company and the partnership with the dealer?

2) Value proposition

- What do you think, how important are the following characteristics for the dealer to choose you as a partner?

<table>
<thead>
<tr>
<th></th>
<th>Very important</th>
<th>Important</th>
<th>Rather important</th>
<th>Neither important nor</th>
<th>Rather insignificant</th>
<th>Insignificant</th>
<th>Very insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warranties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Innovativeness of their products</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Technical expertise</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Quality/brand/image/status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Logistics/delivering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
### 3) Key activities

- What are your key activities as a partner of the Volvo dealer?

<table>
<thead>
<tr>
<th></th>
<th>Very important</th>
<th>Important</th>
<th>Rather important</th>
<th>Neither important nor significant</th>
<th>Rather insignificant</th>
<th>Insignificant</th>
<th>Very insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivering special</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>application solutions to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the dealer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solving customer’s</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>problems in terms of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adding value for them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part of the interaction between Volvo, the dealer and the customers solutions to the dealer

- And why?
- How do you exchange information about new products/issues with the dealer? Is there a special platform or a process? Maybe frequent meetings?
- Do you discuss new product ideas together with the dealer? If yes, how?
- How can the dealer get an overview about your product development progress? How can the dealer rely on your skills?
- In which way is the dealer maintaining and improving the relationship between you and them to prevent your migration to other companies/brands?