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The Swedish Experience

*A case study of the value of
Volvo CE's Demo Centre*

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Summary

This thesis explores the value of Volvo CE's Demo Centre in Eskilstuna through an inductive case study approach. The authors pose the question "*What is the resellers' perceived value of the visit to the Demo Centre and other peripheral activities in conjunction with customer trips?*" This is a problem because there is no prior research to what the value of the Demo Centre is and how the value could be measured.

The inductive approach results in two major case studies on resellers in Denmark and Belgium and Luxembourg. The data is used to generate conclusions which serve as base for theoretical research. The theory can be reduced to five overall categories; relations, trust, experiences and brand theory. The conclusions are confirmed by the respondents and the authors formulate these conclusions with the theoretical and empirical support as propositions;

-Proposition 1: The Demo Centre, the Munktell Museum, the Volvo Factories and Sweden are factors for creating values that benefit the sales process.

-Proposition 2: The Volvo Philosophy, Dreams, Having fun, Atmosphere, Experiences, Volvo CE Brand Image and Reseller Image are the values that can be experienced by going to Sweden, The Demo Centre, The Munktell museum, The Volvo Factories and as such they support the sales process.

-Proposition 3: A feeling of trust (safety, credibility) for the reseller and Volvo CE can be achieved with the values in proposition one and two and thus creating or strengthening the relationship with the reseller and/or Volvo CE.

-Proposition 4: The customer may feel the need to reciprocate the reseller for his act of giving them the trip (experience). This could also lead to the customer being less price sensitive by having a trusting relationship with the reseller.

-Proposition 5: The outcome of the previous propositions can affect the potential purchase behavior of customers that have taken part on such trips.

The subsequent validation analysis shows that the resellers perceive the outcome of going on a trip greater than the cost. Another finding is that the common experiences between the reseller and customer lead to an increase in trust and strengthens the relation, leading to a positive impact on sales. The primary aim with customer visits to Sweden is to build customer relations. In second comes increase in sales, implying that a relationship with the customer is a requisite for sales. The findings also show that creating trust, increasing sales and building customer relations is *best* done by visits to the Demo Centre. In general, the activities associated with visits to the Demo Centre are greatly appreciated by the resellers, has high impact on sales, relations and trust building, and can thereby be considered as irreplaceable and financially viable. Another conclusion is that the Volvo CE resellers' value of the Demo Centre can not be seen without regarding other activities involved in customer trips. The other activities such as the Munktell museum and the factories add an important dimension in building trust and involvement with the customers.

Keywords: relationship marketing, consumer experience tourism, trust, Volvo Construction Equipment, case study, perceived value.

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Readers Guide

“The purpose of the readers guide is to aid you as a reader in grasping the structure of this paper.”

The research question at hand is *“What is the resellers’ perceived value of the visit to the Demo Centre and other peripheral activities in conjunction with customer trips?”*

We find that the research question deserves a qualitative exploratory research method and start going out and touching and feeling our new surroundings.

We soon come to the insight that the reseller is the actual customer of the Demo Centre, making *their* perceived value the parameter of importance to research. We explore different methods and recognize our observing actual customer trips to Sweden with follow-up interviews with the resellers as a suitable approach, which results in two major case studies.

After the case studies, we sit down, look through the rich data we had received (pp. 16), structure it and compile common themes. These compilations result in eight propositions (3.4).

The propositions serve as reference point for the search for theoretical material, which now takes place. We narrow the theory down to largely five groups; relations (4.1, 4.2), trust (4.3, 4.4,), experiences (4.6, 4.7) and branding (4.9, 4.10, 4.11).

The theory is projected onto the data in the analysis (5) to see how the theory can contribute to our findings. The propositions are reviewed and thereafter put to the test through validation with the respondents from our cases to see if our propositions withstand (6). The validation also consists of a ranking of the factors involved in the proposition. The propositions are reduced to five and visualized in a model. As the propositions have been validated they turn into propositions.

The Proposition brings us to the conclusions (7); elaborating on the meanings and implications of the propositions. After the conclusions there is a discussion (8) from us authors, adding content that we feel are feasible but do not have empirical or theoretical evidence for.

In the appendixes you can find material that we felt didn’t suite in the thesis but that you as reader may find of interest such as interview guides and respondent forms.

We as authors think that if you as reader see the evolvment of the propositions as the main theme, you will find the structure more manageable. We have deliberately made a verbose method, theory and data chapter, so if you are one of those who want to get to the juicy part right away, we recommend you start at the analysis (5) or even skip to the “values in numbers” (6).

Happy Readings,

Karl Skarman

Stefan Svensson

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1 Problem discussion

“The purpose of this chapter is to establish some ground to our field of research and explain some of the key factors. The discussion gives an introduction to b2b sales and general problems surrounding sales, who is the customer, customer satisfaction. Our supporting company is Volvo Construction Equipment and their problem will be discussed both in specific and in general terms. Volvo CE’s problem is that the need to value their demonstration facilities in Eskilstuna. The discussion pose that it is the Volvo CE resellers perceptions of the value on the Demo Centre that needs to be measured. Thus posing the research question:

“What is the Volvo CE resellers’ perceived value of the visit to the Demo Centre and other peripheral activities in conjunction with customer trips?”

1.1 Introduction

In business-to-business sales there are many factors that are of great importance for the customer in order to complete the purchase. Some of these factors are based on relationships with sales personnel. Some are based on the values that the selling company stands for (Egan 2004, p. 104).

This thesis is based on a case on Volvo Construction Equipment (in the future referred to as Volvo CE) and their Customer Centre located in Eskilstuna, Sweden. The Customer Centre is used in several different ways, but in this case the focus will be on Volvo CE resellers’ use of the Demo Centre, which is a part of the Customer Centre, as part of the process of selling construction equipment. The Demo Centre is paid for by Volvo CE and it is used free of charge for the resellers. This presents a problem for Volvo CE; they don’t know the value of their Demo Centre.

“..We see that the resellers and the customers are smiling happily when leaving us but we have no way of knowing what the actual value of the visit is...”

(Manager, Volvo CE)

1.1.1 The Demo Centre in Eskilstuna and Similar Volvo CE Operations

Volvo CE has a Customer Centre in Eskilstuna where they can demonstrate some of the construction equipment Volvo has to offer. The Volvo CE product line consists of backhoe loaders, wheel loaders, excavators, articulated haulers, motor graders and compact equipment. The 25 000 m² of machine show grounds has a seated capacity for 550 visitors. Visitors to the centre have the opportunity to test-drive the equipment since the legislation in Sweden is more lenient in this area than other countries. The Customer Centre also has conference facilities and a dining area for up to 500 guests. Volvo CE’s vision for the customer centre is:

“...to give our visitors a lasting impression and create memory traces about Volvo Construction Equipment as the leader of our industry”.

(Volvo CE presentation)

The customer centre hosts 15 000 - 20 000 visitors per year and whereof 5000 - 9000 are customers or dealers and the other visitors are internal Volvo personnel and the general public

such as school classes. The guest at the customer centre comes from all around the world but primarily from Europe. The customers who visit the customer centre often visit other Volvo CE facilities such as production plants and they also take part in other more leisure oriented activities.

Volvo believes that the Demo Centre has a positive effect on their business but they do not conduct any research about customer satisfaction or follow up buying behavior after the visits. They do not keep track, at least not in a systematized way, of which customers and resellers who frequently use the Demo Centre. In other words Volvo CE has no way of measuring what benefits that the Demo Centre generates for them in anyway (Manager Volvo CE).

In order to continually justify the need and the expenditure for the Demo Centre some form of measurement of the Demo Centers value needs to be done.

The Demo Centre is not the only attraction in Eskilstuna. There is the Munktell Museum, an exhibition of Volvo construction equipment dating back to 1917. Many of the motors are still operable, thanks to the many volunteers. The caretakers are mostly former Volvo CE employees and the museum often serves as dining hall for visiting groups. The Volvo CE component factory is also situated in Eskilstuna, producing components such as transmission components. The customers are often invited to tour, not only this factory, but all Volvo CE factories, and they are appreciated by the customer. The production lines of the actual vehicles are the most popular, which pose somewhat of a problem for visitors to Eskilstuna, where the closest factory is in Arvika, 30 metric miles away.

Apart from the Demo Centre in Eskilstuna, there is a smaller one in Kontz, Germany. It does not offer an as large range of products as Eskilstuna and does not have the same size accompanying Customer Centre. There is also a Volvo CE Demo Centre in Seoul, China and one in North America.

Every summer the Demo Centre in Eskilstuna hosts the “Volvo Days”, an event where several thousand visitors come to see demonstration shows, eat hot dogs and meet other enthusiasts. The event is open for the public as well as being an opportunity for resellers and Volvo CE to bring customers for something out of the ordinary.

1.1.2 Industrial Buying Behavior

In order to broaden the understanding of the problem at hand with industrial buying behavior one could look at Chisnall (1989) who describes this complex picture. This is just a short overview of what problems might occur in industrial buying situations and the next section (see 1.1.3) this will be looked upon from a Volvo CE perspective.

Chisnall (1989, p. 73) argues that when there are large and complex contracts, the buying negotiations are likely to be complex as well. In general there is often more than one person involved in the buying process and they play different roles.

Chisnall (1989, pp. 76) have identified five roles in the buying process: gatekeeper, user, influencer, buyer and decider. These roles form what has been termed as the “buying centre” and could in some cases be the same person, however it’s more common that more than one person involved in the different roles.

The role of the *Users* may have particular influence on the type of product and the supplier and with technical supplies. Their recommendations may be considered as important inputs in the buying process. If the user has expert knowledge in the product and practical skill, it is more likely that his/her opinion is more important than the price.

Influencers are not always easy to identify. Communication within the organization could be both informal and some formal. Informal and personal influence may be significant in the relationship to the supplier. Chisnall (1989, p. 77) refer to a study by Webster (1972) where one important finding was that the sales personal was regarded as a source of highly useful and reliable information. Their influence was important throughout various stages in the sale process. Chisnall (1989, pp. 77) further argues that it is of key importance that the sales personal is flexible and able to communicate the right kind and amount of information could be provided by the technically experienced sales person that is highly trusted by the purchasing agents.

The *gatekeeper* deserves special attention in organizational supplying. His/her identity is not easily discovered in the buying process. In some cases, with more expensive and infrequently purchased items, the gatekeeper's role may be filled by a senior technical expert. Chisnall (1989, p. 79) argues that it is of tactical importance to know who the specific gatekeeper is and the extent of his influence on the purchasing decision.

"..The more insight which can be obtained into the buying procedures of an organization, the more effectively can marketing strategies can be developed..."

(ibid., p. 80)

The following quote is from a multinational research study that focused on the buying process itself, with a large sample of industrialized countries:

"..the buyer-seller relationship is of paramount importance and, the various roles in buying appear to be much the same wherever business is being transacted..."

(ibid., p. 73)

1.1.3 Who is The Customer and What About Satisfaction?

What is it that needs to be measured, is it the customer's perceptions and feelings after a visit to the Demo Centre or is their behavior? Hayes (1998, p. 33) argues that indications of customer satisfaction is when the customers are smiling and saying good things about the products. From these manifestations conclusions could be drawn about their attitude towards the products. So in Volvo CE's case would the happy and smiling customers form positive attitudes towards Volvo CE and if so would that alter their buying behavior? Reicheld (1996, p. 58) continues by arguing that many companies use customer satisfaction surveys to do just that, learn how "happy" their customers are with their products or services, often resulting in misleading information about their customers. What matters is not what customers *say* about their level of satisfaction, but whether the value they feel they've received will keep them loyal.

"As tools for measuring the value a company delivers to its customers, satisfaction surveys are imperfect. As tools for predicting whether customers will

purchase more of the company's products or services, they are grossly imperfect."

(ibid., p. 58)

Reicheld (1996, p. 58) further argues that satisfaction surveys have two principal problems. The first is that, in many cases, the satisfaction scores themselves have become the important factor and not the repurchase rate or profits. The second problem is that many surveys are poorly constructed and conducted. They measure the wrong customers or the wrong activity, and in some cases are manipulated since the conductor of the survey may benefit from the manipulation.

Reichelds (1996) argumentations leads us away from customer satisfaction but we still need to define who the customer, of the Demo Centre, is and what exactly should be measured. An implication to the role of the customer may be that there can be at least three types of customers at the Demo Centre. The reseller is a customer in regards of the service experience Volvo CE provides, and also a customer, in the regard that they use the Demo Centre as a sales support function. Another customer is the buyer or manager of the purchasing company. He/she is both a customer of the service experience, but also a customer in the way that he/she might buy physical goods from the reseller later on. The buyer may or may not be the actual consumer of the final physical Volvo CE product. The last person in line, the consumer, is the one that is going to use the final physical product, and his or her perception of the products and the service experience may or may not affect the buyer. Here there is a difference depending on from which region the customer is from. In Sweden and the Nordic countries the driver has a great deal of influence over what machines their company will actually buy since they are the expert users and they need to be satisfied in order to be productive. In the southern parts of Europe the drivers have less influence over the purchase decision and are also less frequent visitors at the Demo Centre. As seen from Chisnall (1989) there could also be technical specialist that influences the purchase decision.

The situation for Volvo CE differs somewhat from the five roles that Chisnall (1989) exemplifies because when the resellers take their customers or potential customers to the Demo Centre, they are the ones with all the knowledge about the customers and their purchase teams different roles.

Therefore we pose that the Demo Centre therefore needs to satisfy the resellers' needs, and by doing so, hopefully satisfying the resellers' customers, which in the end is Volvo CE's customer. This is why we feel that it is the *resellers'* perceived value of the Demo Centre that needs to be evaluated.

1.1.4 Sales Process

Volvo CE today has both in-house sales personnel as well as independent resellers depending on the region, and in some regions Volvo owns the import service.

Seeing as the majority of resellers are independent, the points of contact with the customer/end user are few. When it comes to customers Volvo CE has two main channels of customer contact, namely through visits to the Demo Centre where most often the larger groups of visitors are accompanied by a person from the Volvo CE office, not seldom the Region manager, and through contact with the reseller.

The independent resellers would, upon sales order, contact their regional director and place the order. Again there is nothing that implies direct contact with the customer on Volvos behalf.

This means that the only place where Volvo themselves can ensure correct information and communication of values to the customer/decision maker, is at the Volvo Demo Centre. Examples of these values are “genuine Swedish quality”, “superior driver comfort” and so on.

The purpose of the Customer Centre is therefore twofold, on one hand as a reseller sales tool, and on the other as a communications channel for Volvo CE.

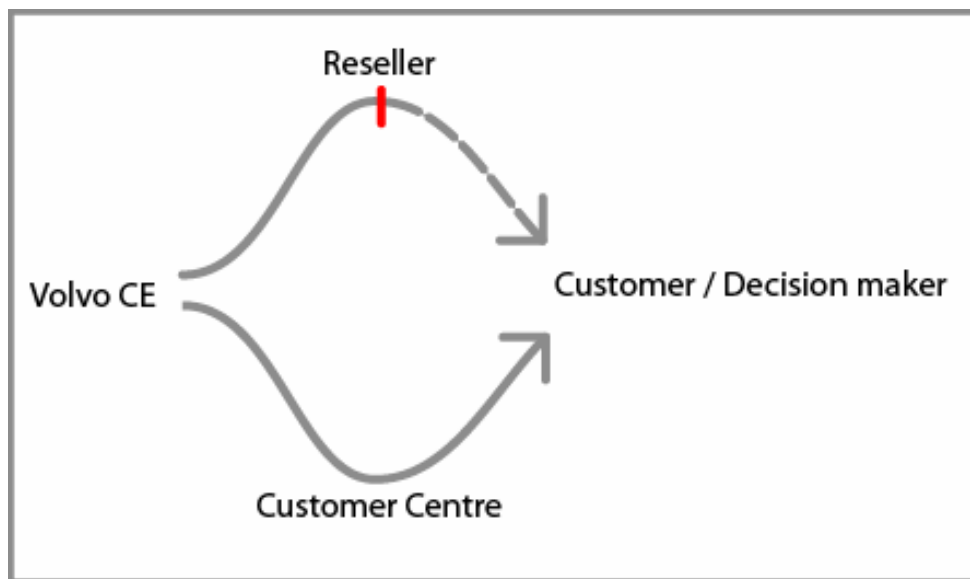


Figure 1 - Sales process (By authors)

Figure 1 illustrates the unique contact point the Customer Centre generates. Volvo CE has direct contact with the reseller only through the Customer Centre, and indirect contact and feedback through the reseller. The figure also postulates the Customer Centre as a sales support function for the reseller.

1.1.5 Summing Up

The Demo Centre in Eskilstuna, used by Volvo CE resellers in order to demonstrate construction equipment, needs to be valued. Hayes (1998, p. 33) argues that customer satisfaction is an observable state such as smiles and saying good things about the products. Reicheld (1996, p. 58) argues that customer satisfaction surveys often are misleading in regard to the information they can give about the customers. This leads us to move from a standard customer satisfaction measurement. Instead we have argued for that it is the resellers perceived value we are looking for since he is the one that owns the customer and it his perceptions that are important and his needs that firstly needs to be satisfied. In complex buying situations as Chisnall (1989) exemplifies there are many different roles that the purchasing party can have and the Volvo CE reseller needs to know these different roles. This further showcases the resellers' importance as the point of measurement. The Demo Centre is a place where the customer can interact with the resellers and the Volvo CE construction equipment under different circumstances than normal. Egan (2004) argue from a relationship marketing perspective the need for a relationship with the customer. This gives us a notion

that the resellers might need a relationship with their customers in order to sell construction equipment to them. Because of these reasons this leads to argue that it is the resellers' perceived value of the Demo Centre that is the true value. In order to put the Demo Centre in to its right context the value might be associated with other peripheral activities in Sweden in conjunction with customer trips.

1.2 Research Question

→What is the Volvo CE resellers' perceived value of the visit to the Demo Centre and other peripheral activities in conjunction with customer trips?

1.3 Purpose

The purpose of this study was to explore the value of the Volvo CE Demo Centre. Through interviews, participation and interaction we aimed to evaluate the Volvo resellers' perceived value of the Demo Centre and other peripheral activities in conjunction with customer trips. Moreover, it is our intention that, from a corporate perspective, we may make recommendations for improvements to the Demo Centre.

1.4 Limitations

This thesis primary case data is based on Volvo Construction Equipment resellers, customers and management at Volvo Construction Equipment. The thesis is limited by the 20 weeks window of time dedicated to the thesis, adding limitations to parameters such as respondent access, seasonal changes and so on.

1.5 Definitions

Customer Centre – The entire of the Eskilstuna Customer Centre, embracing the conference centre and dining area.

Demo Centre – The demonstrational part of the Customer Centre, embracing the construction area, bleachers and VIP room.

Reseller – A person or organization selling Volvo Construction Equipment products. The resellers are both internal and external and not necessarily selling Volvo CE products exclusively. An example of a reseller is Swecon (residing in Sweden and parts of Germany).

Perception - The process of perception is not directly observable or quantifiable, which implies that the validity of perceptual theories can be checked only indirectly. In practice when using perceptual theories, the researcher compares predictions derived from theory and compares it with appropriate empirical data (Encyclopædia Britannica).

“...the process whereby sensory stimulation is translated into organized experience. That experience, or percept, is the joint product of the stimulation and of the process itself.”

(ibid.)

1.6 Terms of Thesis

We as authors have worked under a set of conditions. The time granted for this is in total a twenty week period, stretching from the 17th of January 2006 till the 31st of May. The thesis is

a result of the cooperation between Professor Sten Söderman and Volvo CE. Volvo CE has approached us with proposed thesis topics which have been further developed in collaboration between the authors, Professor Sten Söderman and Volvo CE.

There has been no agreement on economic compensation from Volvo CE to the authors. Volvo CE has paid for the trips and granted us access to the respondents we have chosen. During this thesis we have had a great support from our supervisor Professor Sten Söderman. There have been frequent academic seminars' every second week or so. Our thesis group has consisted of us, two other students writing a thesis for Volvo CE and two MBA-students who are writing their MBA-thesis. We, the authors', are on our eighth and final semester and after completion we will receive our master's degree in business.

2 Method

"This chapter presents our chosen methodology, and the rationale and motivation for such an approach. We go through alternative approaches' to solve the problem at hand and explain why we have chosen the path we do. The thesis is of explorative nature with an inductive and case study oriented research approach. The main data gathering is done by interviews and participant observations."

2.1.1 How to Solve the Problem

There are many different ways of approaching the problem and many possible ways to go about solving the problem at hand. We will go through the most common (Riley et al. (2002), (Malhorta & Birks 2006) and (Saunders et al. 2003) ways to conduct research and argue for the research design we have chosen as well as the philosophical grounds we stand on.

2.1.2 Applied Research or Pure Research

Our research is within the field of applied research; seeing as we have a concrete problem from an external actor; Volvo CE. In contrast to applied research, is pure research, which has no obvious practical implications, that is, no obvious use or value beyond contributing to particular area of intellectual enquiry.

Our research problem was offered by Volvo CE, giving us a concrete problem, thereby the applied approach is a natural step but also a requisite for us to be able to conduct this research for Volvo CE. A pure research approach could have helped to develop the understanding in a particular area but wouldn't start out with a pre defined problem. In our case Volvo CE has a practical managerial implication regarding the value of their Demo Centre. This both leads us, and limits us, to applied research and could hopefully lead to increased knowledge and the discovery of new facts about the phenomenon under investigation (Riley et al. 2002, p. 8).

The desired research question posed from Volvo CE was discussed and re-contextualized, in understanding with Professor Sten Söderman and Volvo CE to fit academic standards.

2.1.3 Perspectives on Truth

Philosophers and scientist has devoted a lot of time seeking the universal truth, and have ever since argued if such a truth exists. Plato argued that the only true knowledge was "episteme", meaning "sure" knowledge. Plato found his truth in the "idea-world" and in order to reach the truth a deductive approach of reasoning led him to it. Plato argued that the "idea-world" was stable and eternal. Hence it has a higher degree of reality then our everyday day world that is perceived as unpredictable when we meet it with our senses. Plato never cared much for studying the everyday world.

An opposable question is if the truth is even important? Maybe it is more important with the *meaning* of something rather than the truth. Richard Rorty argues that "*the important thing is not whether if something is right or true, but rather if it is useful*". William James argued that "truth is by definition the things that works, that which gives satisfaction and is fruitful". John Locke argued that "*It is not our thing to know everything but to know what is necessary for our everyday life. The senses can not give us universal knowledge but it can give us enough knowledge for our every day lives.*" (Wolrath-Söderberg 2003, p. 18)

In this thesis we are not looking for the universal truth. We are aiming to understand how people perceive something rather than what is true. We are not arguing in either way regarding the universal truth but merely suggesting that our contribution will not be within the realm of what could be considered as a universal truth.

Knowledge for Aristotle was an active search both of impressions and of methods for processing impressions (or perceptions) into knowledge. Knowledge was not a virtue for Aristotle but an ability to take in knowledge (ibid., p. 87).

In this thesis we further aim to gather impressions or perceptions of the reality and process that information so that others can read and make their own impressions of our work. Our data will therefore aim to present the material rather than summarizing it, in order to minimize the authors' bias. The knowledge is then created within each individual when reading this thesis.

We regarded the research question "What is the Volvo CE resellers' perceived value of the visit to the Demo Centre and other peripheral activities in conjunction with customer trips?" to be a non-positivistic (Saunders et al. 2003, p. 83). The answer can only be based on our interpretation of what we experience, and our ability to deduce and construe other individuals involved in this process. We therefore felt that a hermeneutic (ibid., p. 84) approach is suitable under the circumstances of this thesis.

2.1.4 Alternative Research Approaches

The general problem for this thesis was presented to us by Volvo CE as how can the value of the Demo Centre in Eskilstuna be measured? We have already stated our interpretation of the problem in the background and we further explain our research strategy and our methodological choices in this chapter. However this general problem could possibly have been defined and solved in other ways than the path we have chosen, we will therefore also be discussing alternative methods in this chapter.

One way of defining the problem that we looked into was to see how the sales of Volvo machines were affected by the visit to the Demo Centre. We would then have to look at historical sales data and then try to adjust it for macro economical factors and compare them to the sales after the visit. If this could be done with any success one would be able to give an estimate on how much the demo centre generates in revenues. There are mainly two reasons why we didn't chose this path, and the first one is in our humble opinion, that without the possibility to control the environment the causality of the sales it would result in very uncertain figures, seeing as there are many factors that influence the customers purchase decision. The second and more pragmatic reason is that we are majoring in marketing studies, and this way of valuing the Demo Centre is in our view more of a financial analysis.

Another way of getting the value of the Demo Centre that we discussed was to go for the independent resellers' usage of the Demo Centre. The solution was more pragmatic and in a way started with the solution that Volvo CE should charge their resellers for the usage of the Demo Centre. This way of approaching the problem would at best shown that the resellers were willing to pay the actual cost of the Demo Centre but it would not in our opinion show the actual value of the Demo Centre. The actual value of the Demo Centre could both be higher and lower, and the only gain from Volvo CE's perspective would be that the reseller would cover only a part of Volvo CE's cost for maintaining the Demo Centre.

A third alternative approach that would maybe have been closest to Volvo CE's first aim with the study was to research in what way Volvo CE could measure the customer satisfaction. We were somewhat skeptical about the value of just measuring the customer satisfaction levels since that in our and Reichhelds' opinion (1996) it is not the most important or accurate measure. Firstly, satisfaction is hard to measure and often companies use the wrong parameters when they measure it. Secondly the satisfaction levels do not mean anything if they are not compared relative to sales and/or loyalty.

Another way could have been to research what the actual customers' perceptions of the Demo Centre. We think the most important problem with this approach would be that the customers might be biased towards Volvo CE and that they liked the Demo Centre and would be afraid to say anything bad about it and risking that they couldn't return to it. We also think that we would have needed a lot of respondents in order to validate the findings and be able to make any kind of analytical generalizations about the findings.

Our chosen interpretation of the problem, *what is the resellers' perceived value of the visit to the Demo Centre and other peripheral activities in conjunction with customer trips*, could suffer from the resellers being biased since they could be afraid to lose the ability to go to the Demo Centre. We will do our best to interpret their information with the knowledge that it might be biased. In our opinion the resellers have more knowledge about the Demo Centre since they use it more frequently and with many different customers, making them more receptive for different shades *between* customers, giving a "grand perspective".

2.1.5 Research Purpose

The purpose of the research could be categorized into three main categories (Saunders et al. 2003, p. 96). The research could contain more than one purpose as well as more than one research strategy. The three main purposes are *exploratory*, *descriptive* and *explanatory*. There are other distinctions of the purpose that could be made and Riley et al. (2002, p. 9) argues that the two main distinctions can be made between *descriptive* and *explanatory* research. There is also a third way which is Malhorta and Birks (2006, p. 62) who argue that there are mainly two ways of classifying the research, namely *exploratory* or *conclusive* research. Exploratory research could be either quantitative or qualitative and conclusive research could be either descriptive or causal.

With that in mind we will use Saunders et al. (2003, p. 96) definition of the three research purposes; *exploratory*, *explanatory* and *descriptive*.

Exploratory studies are valuable means of "finding out what is happening, to seek new insights, to ask questions and to assess phenomena in a new light" (Robson 2002:59 cited in Saunders et al. 2003, p. 96). Exploratory research is meaningful in any situation where the researcher does not have enough understanding to proceed with the research project. It is characterized by flexibility and versatility with respect to the methods. Exploratory research enables the researcher to be alert to new ideas and insight as he/she proceeds. Once a new idea or insight is discovered the researcher may redirect the exploration in that direction. Therefore, exploratory research is only limited to the cunningness and creativity of the researcher (Malhorta & Birks 2006, p. 63). Exploratory research is flexible but it should not be seen as without direction, just that the initial focus may be broad but as the research progresses the focus should narrow down (Saunders et al. 2003, p. 97).

The object of *descriptive* research is to “*portray an accurate profile of persons, events or situations*” (Robson 2002:59 cited in Saunders et al. 2003, p. 97). The method can serve as an extension of, or a forerunner to, a piece of exploratory research. In descriptive research it is necessary to have a clear picture of the phenomena that will be researched before the data collection has taken place (Saunders et al. 2003, p.97). The information needed for the research is clearly defined and the research is pre-planned and well structured and is typically based on a large representative sample (Malhorta & Birks 2006, p. 65).

In *explanatory* studies one tries to establish causal relationships between variables (Saunders et al. 2003, p. 97). Malhorta and Birks (2006, p. 69) simply calls this causal research and its aim is to search for evidence of cause-and-effect in relationships between variables. The environment in which the causal relationships are examined needs to be controlled so that manipulation of variables can be done without interference. The main method for causal research is through experiments where the researcher can, in some form, control the environment (ibid., p. 70).

When looking at defining the purpose of our research, we first consider the descriptive purpose. With the descriptive purpose it is necessary to have a clear picture of the phenomena and as we discussed earlier, which is not opportune that is not the case in this thesis. We have a rather limited understanding of the phenomena under investigation. This leads us to the conclusion that at least our main purpose can not be of a descriptive nature. The next plausible purpose is explanatory or causal research. Like descriptive research causal research, requires a planned and structured research design (ibid., p. 70). So even though we are inquiring the perceived value, or in other words the effect of a visit to the Demo Centre, we can not control the environment and we do not have enough understanding about the phenomena to conduct causal research. Therefore we feel that exploratory research suits us well, seeing as we are “learning by seeing” through the process and the flexibility of the research design enables us to enhance and sharpen the problem throughout the process.

2.1.6 Induction and Deduction

Deduction is the process which begins with theory and proceeds through Proposition, data collection, and testing of the Proposition to deduce explanations of the behavior of particular phenomena. Induction is the process whereby the exploration and analysis of related observations lead to the construction of a theory that systematically links such observations in a meaningful way (Riley et al. 2002, p. 13). A theory is normally generated from induction and developed further by deduction.

Our knowledge about the resellers’ motives for a visit and their perception of the visits are limited. With this in mind we do not want to limit ourselves by giving the reseller a pre-designed theoretical framework. We want the reseller to show us their view and what the drivers are, as well as their customers’ perceptions. With this in mind, we feel that an inductive approach (Saunders et al. 2003, p.87) is the most appropriate, as we go out and touch, feel and talk, and thereafter seek and/or develop appropriate theoretical tools for analysis.

In hindsight there are a couple of theories regarding relationship marketing, trust (Morgan & Hunt 1994) and consumer experience tourism (Mitchell & Orvig 2002) that we could have used and developed with a deductive approach. But without the primary data we gathered and our conclusions from that data, we would have been very limited with a deductive approach. Our understanding and, Volvo CE’s understanding of the problem was too limited for a

deductive approach. Our findings paints a complex picture of the problem and no theories we have found could, in our view, act as a complete solution for deductive testing.

2.1.7 Qualitative and Quantitative

Another standpoint we have to take in the research approach is whether the research should be of qualitative or quantitative nature. The research can have both qualitative and quantitative parts of data collection, but we have chosen the qualitative approach exclusively.

Results from quantitative research are assumed to be measurable and presentable in the form of numbers and statistics. The aim is to make generalizations based on the processed results of the research. The quantitative method is formalized and structured; it approaches the research problem from a broad perspective. Moreover, quantitative research is highly controlled by the person conducting the research and statistical methods play a central role in the analysis of the quantitative data. Quantitative research often has a limited number of variables that are studied, but on a relatively large number of entities (Holme & Solvang, 1991).

Qualitative research is less formalized than quantitative research and its purpose is not to generalize but to make descriptions of situations as a whole. Qualitative research strives to gain a deeper and more complete understanding of the collected data and the problem studied. The data gathered in qualitative research generally comes from a low number of entities but from several variables and a rather large data source from one entity. The primary purpose of qualitative research is to gain a deeper understanding of the research problem and not to make general conclusions that could be seen as “the truth” (ibid.).

Based on our earlier discussion regarding the truth and the search for understanding of the perceived value we have chosen the qualitative approach. In the beginning of this thesis we had a very limited understanding about our research problem and how to evaluate the Demo Centre, and with that in mind the inductive and explorative road has lead us to a qualitative research approach. We need to gain a deeper understanding about the problem before it is even possible to make a correct quantitative study. The qualitative approach lets us handle many different variables in our inquiries and also focus on a small sample of resellers’ but with great depth try to gain an understanding about their perceptions about the Demo Centre. The qualitative approach also lets us see the Demo Centre from a broader perspective and to see what other factors are important for the resellers to be able to make a correct delimitation of the Demo Centre’s value. On the other hand leaving out the quantitative aspects in our research limits us to not being able to make any generalizations to a statistical level with our findings.

2.1.8 Research Strategy

Yin (1989, pp. 16) argues that there are five major research strategies used in social sciences. Which strategy to use in the research can be determined by looking at three different conditions:

1. The type of research question posed.
2. The extent of control an investigator has over actual behavioral events.
3. The degree of focus on contemporary, as opposed to historical, events.

Table 1 shows how Yin (1989, pp. 16) relates each condition to the five alternate research strategies.

Research strategy	Form of research question	Requires control over behavioral events	Focuses on contemporary events
Experiment	How, why	Yes	Yes
Survey	Who, what, where, how many, how much	No	Yes
Archival analysis	Who, what, where, how many, how much	No	Yes/no
History	How, why	No	No
Case study	How, why	No	Yes

Table 1 - Relevant Situations for Different Research Strategies (ibid., p. 17)

At a glance Yin's reasoning and our research question would suggest that we would use survey or archival analysis as our research strategy. However, Yin (1989, p. 17) also suggest that if a case study is exploratory, as ours is, a "what" questions could also be used.

Primary research typically refers to research involving the collection of original data using an accepted research methodology. Secondary data, on the other hand refers to an activity where no new original data is collected but where the research project draws on existing sources alone such as archival analysis. Normally secondary data will be used in most research activities even when primary research is done. The reason is that before most primary research is conducted an orientation in the field of research needs to be done to go through what secondary data exists to ensure that the correct research design can be developed (Riley et al. 2002, p. 9).

In this thesis the data that used is principally primary research data that has been gathered by us during the course of this thesis. We relay synthesized secondary data findings or theories to support our primary findings. Before the primary research was conducted a quick browse through what secondary data sources were available. However, since this problem is in large specific for Volvo CE, we want to make sure that the data we have before us is as accurate to our problem as possible. It is therefore essential for us to collect primary data that is related to our research question. This leads us to the exclusion of archival analysis as method of choice.

Another alternative research strategy is surveys. A survey gives relatively shallow information about the informant. The survey is also highly structured and as we have discussed earlier, we are looking for a deeper understanding of the informants' perceived value. We have also discussed our usage of several variables, whereof some of them unknown to us beforehand, and with that in mind we don't feel that a survey based research strategy would benefit our result.

The case study on the other hand is primarily used to investigate many variables on a low number of entities including the surrounding context. The case study seems ideal for our research, where we are looking for a deeper understanding with many unknown variables to begin with.

2.2 Case Study

Our primary research strategy is case-study oriented where we have followed different resellers with their customers during their visits to Sweden. After the visit to Sweden we followed up with interviews with the Volvo resellers. Generalizing the result from the Case study can be done to theories or analytical generalization but could not be considered as statistical generalization (Yin 1989, p. 21)

2.2.1 Definitions

Two definitions of case study as a research design are:

“..the essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result.”

(Schramm 1971)

“A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used...”

(Yin 1989, p. 23)

Yin (1989, pp. 23) argues that the case study, contrary to other research strategies, deals both with the phenomenon and the context of the phenomenon.

A case study is a study of a specific phenomenon, for example a person, a course of event, an institution or a social group. Merriam (1994 p. 29) chooses to exemplify by saying that if you are interested in a school or an institution, one should choose a certain part of it, for example a course of events or a sample of representative students, and study the sample in depth.

2.2.2 Case Studies in Practice

Qualitative case studies are suitable when handling critical problems of practical nature to increase the knowledge base. Case studies as mode of procedure is often the best method for tackling the problems where pre-comprehension is necessary before practical innovation (Yin 1989, pp. 22).

2.2.3 Multiple Case Study

Yin (1989, pp. 52) argues that evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded more robust. The time needed to undertake a multiple-case study could be extensive. Therefore the decision to undertake a multiple case study cannot be taken lightly. Every case should serve a specific purpose within the overall scope.

The logic underlying the use of multiple-case studies are the same. Each case must be carefully selected so that it either (a) predicts similar results (literal replication), or (b) produces contrary results but for predictable reasons (theoretical replication). Two to three

cases is used for literal replications whereas four to six cases could be used for theoretical replication.

An important step in all of these replication procedures is the development of a rich theoretical framework.

We have chosen a literal replication case study methodology where we seek similarities between different cases.

2.3 Sampling and Data Gathering

It is upon the author to define or delimit a system or unit of analysis to be studied. The author has to decide *where* and *when* the observations should take place, *who* to observe and *what* to observe (Merriam 1994, p. 60)

According to Ryen (2004, p. 71), when you do a selection of respondents you are not only selecting people, you are also selecting environments.

We used a non-probability sample method when choosing cases. The sampling method is useful when the aim is not to answer “how much” or “how often” but to solve qualitative issues like what is taking place or what it leads to, as well as the relations that connect different events (Honigmann, 1982, p. 84 cited in Merriam 1994, p. 61). The respondents that are included in this thesis have been chosen both on recommendation from Volvo CE and the authors’ perceptions on who are the most relevant and useful respondents and who are believed to be able to contribute the most (Miles & Huberman 1984). The aim of the sampling should therefore be to maximize the opportunity of aggregated knowledge of the phenomenon (Merriam 1994, p. 61)

An interview is often one of the most important sources of data in a case study. The most common form of case study interviews is of qualitative open-ended nature. Interviews should always be considered as verbal reports and as such they are subject to the problem of bias, poor recall, and poor or inaccurate articulation. Therefore it is reasonable to corroborate interview data with information from other sources (Yin 1989, pp. 88).

A *participant observation* is where the investigators take an active part in the case being studied. The role the investigator takes can vary but gives a unique opportunity to see the case from the inside. The investigator could by taking part in the case actually manipulate the actual case. In *direct observations* on the other hand the investigator does not take active role in the case but passively observes the case (ibid., pp. 92).

Using multiple sources for case study data could improve the construct validity of the research. The data could also be broader and more accurate with multiple sources than with just one source of data (ibid., p. 97).

We believe that semi-structured interviews (Saunders et al. 2003, pp. 246) (Yin 1989), may be the best ways of gathering empirical data for this multiple case study. This also suites well with the hermeneutical approach we intend to use, especially considering that the research question is not typically quantifiable. We will also be using participant observations as method for gathering data. By using two different types of data gathering we are likely to increase the construct validity of our research (ibid., p. 97).

Other sources of data that can be used when gathering data are: documentation, archival records, participant observations, physical artifacts (ibid., pp. 85).

Documentation could include letters, administrative documents, articles or formal studies (ibid., pp. 85). In our case we have looked for documentation about the usage of the Demo Centre, but to the best of our knowledge it is not that well documented, which is part of the reason for us doing this research, hence the method of gathering data via documentation was not a viable alternative.

Archival records could include personal records, calendars and telephone listings (ibid., pp. 87). Here we have the same case as before where Volvo CE does not have any formal structure for collecting records about the visits to the Demo Centre, so the archival records source is very limited for us in this research and should not be considered as one of our methods for gathering data.

When it comes to participant observations or direct observations Yin's (1989, pp. 91) distinction between the two are that in participant observations the researchers take a more active role in the studied events. In our case our aim has not been to be active participants, but nevertheless we have followed two groups of people during several days and taken part in their activities but always by the sideline, careful not to interfere in their experiences. However, it is possible that the participants could in some way see us as part of the group, even though that was never our intention. This, on the other hand, does not mean that we haven't talked to several individual participants during these two cases, but always kept our discussions and inquires out of the main experiences of the events.

2.4 Semi Structured Interviews

For this study semi-structured interviews was conducted. The interviews aim is to understand the respondents driving forces and how they perceive the subject. The method is chosen because the authors want to understand the customer and also explore unknown factors and try to understand their meaning.

The semi-structured interview is probably the most common form of qualitative interview (Ryen 2004, p. 44). It has a guide with subjects and themes but the questions are not written in detail. That means that there is of little importance how the questions are formulated or in what order they are presented (ibid., p. 44).

By using semi-structured interviews a comparison could be made too se what similarities and differences there are between the different respondents. The comparison is not be seen as generalized information that you could draw common conclusions from.

Most researchers agree that some form of guide could be used in the interview situation. However the degree of formalization of the guide is well argued. A guide with a high degree of structure could lead to the researcher being blinded to new input outside the guide and miss important information. If the purpose of the interview is to find the respondents perspective, as it is in this case, a too strict guide risk to counter-effect the interview (ibid., p. 44).

On the other hand if a guide is missing or has too little structure there is an imminent risk that important questions will be missed. If the researcher knows beforehand what they are looking for it is natural to plan these questions into the interview (ibid., p. 44).

2.5 Quality Measurements

2.5.1 Internal Validity

Internal validity can be summarized as in what degree the result concurs with reality

“..Is that which is aimed to be measured really measured?”

(Merriam 1994 p. 177)

Each observed case has been followed with semi-structured interviews with at least two different respondents to secure the validity. By letting different respondents from the same case answer the same questions we hope that we are assuring that we are measuring the right thing.

2.5.2 External Validity

External validity deals with the problem of knowing whether the studies findings are possible to generalize beyond the immediate case study. The problem with external validity has been a major barrier in doing case studies. In survey research it is assumed that a sample, if selected correctly, can be generalized to a larger population. Critics say that a single case or multiple cases offers basis for generalization. The difference between the two however, is that a survey relies on statistical generalization, whereas case studies rely on analytical generalization. In analytical generalization, the investigator is aspiring to generalize a particular set of results to some broader theory. The generalization is not automatic, as a theory must be tested through replications of the findings in a second or even third case. Once the replication of the theory has been made the results could be accepted in a larger scope (Yin 1989, p. 43).

Erickson (1986, p. 130 cited in Merriam 1994, p. 186) claims that the production of general knowledge is not suited for research based on interpretation. When observing the specific, one will also discover “concrete universalia”, saying that the general can be retrieved in the specific (Merriam 1994 p. 186).

During our pre-study we started to form ideas about what different factors that could be perceived as important by the reseller. Our first Volvo CE case proved many of these factors and led us to form our first conclusions. To test our conclusions and our model we took part in another case where we tried to find similarities from the first case. This proved to fully support for our propositions and our model. This has hopefully lead to an increased external validity.

2.5.3 Construct Validity

Yin (1989, p. 42) argues that construct validity is the first step and it is especially problematic in case study research. The criticism against case study research often point out that the case study researcher fails to develop a sufficient operational set of measures and that “subjective” judgments are used to collect data. To meet the test of construct validity an investigator must be sure to cover each of two steps:

- (1) Select the specific types of changes that are to be studied (in relation to the original objectives of the study) and;
- (2) Demonstrate that the selected measures of these changes do indeed reflect the specific types of change that have been selected.

The construct validity can be increased by using multiple sources of evidence or to establish a chain of evidence (ibid., p. 42).

In order to increase the construct validity we have looked at multiple sources of evidence such as interviews and both participant and direct observations. The theories we have used are based on previous research that further supports our findings. With this in mind we have done our best within the limited time to secure the construct validity of our research. As always if we would have more time we could have used more sources and more cases to secure the construct validity further.

2.5.4 Reliability

The purpose of reliability is to be sure that if someone were to do the exact same case and followed the exact same procedures as the first investigator they would get the same findings and draw the same conclusions. It is notable that this refers to the exact same case and not a replication of the original case. The goal of reliability is to minimize error and bias in a study. In order for another investigator to follow in the first investigators footsteps, the first investigator need to properly document the proceedings. If documentation is missing the investigation could not be properly reviewed and the findings could not be considered reliable. The researcher should document and operationalize as many steps as possible and conduct the research with almost the notion that “*someone is looking behind their shoulder*” (ibid., p. 45). In reality though, a case might be unique and impossible for someone else to copy, but the same rules still apply.

Merriam (1994 p. 180-181) has a somewhat different approach to reliability. She argues that when determining reliability in qualitative case study research, the aim is not to isolate laws for human behavior, but to describe and explain the world from the viewpoint of how people living in it perceive it. Since the perception is unique from human to human, there are no static points of reference that can be used when repeated, which is the traditional sense of measuring reliability. According to Lincoln & Guba (1985 cited in Merriam 1994 p.182) the measurement of reliability is not useful in case studies, “degree of dependency” and “coherence” are argued as more useful terms, where instead of striving for the same results one should strive for the results to have meaning, that they are consistent and dependant.

We have consequently made an effort to show how we have moved forward in our research and how our propositions and our model have evolved. We have described our actions in the cases and our time spent with the respondents. We do however agree with Merriams standpoint on reliability in that there is no way for the research to be repeated. Instead, we have therefore strived to reach meaningful results. Our methodological choices have been explained and argued for, and in the end we explain how our result could be further used in future research in order to be developed further.

2.6 Analysis of Data

The richness and depth associated with qualitative data can not be analyzed in the same structured manner as quantitative data. When analyzing the non-standardized and complex qualitative data it should most likely be classified into categories before they can be meaningfully analyzed (Saunders et al. 2003, p. 378). The purpose of categorizing the data is to:

1. comprehend and manage them;
2. integrate related data drawn from different transcripts and notes;
3. identify key themes or patterns from them for further exploration;
4. develop and/or test propositions based on these apparent patterns or relationships;
5. draw and verify conclusions (ibid., p. 380).

The qualitative analysis has a general set of purposes that include the following activities: categorization, “unitizing” data, recognizing relationships and developing the categories used to facilitate this and developing and testing propositions to reach conclusions.

Categorization is the first activity and it involves classifying the data into meaningful categories which may be derived from the data or from the theoretical framework. The identification of these categories should be guided by the purpose of the research through the research questions and the objectives (ibid., p. 381).

The next activity is to *attach* relevant parts of the data, which can be referred to as units of data, to the appropriate categories that was selected in the previous step. A unit of data could be words or sentences or complete paragraphs that fit with the category (ibid., p. 381).

Generating categories and recognizing the data according to them is in other terms analyzing of the data. The analysis continues with the search for key themes and patterns or relationships in the rearranged data. This may lead to rearrangement in the categories as new relationships are found. Some categories may become too large to handle and needs to be further subcategorized while other categories may need to be merged (ibid., p. 383).

While seeking patterns in the data and finding relationships, the possibility to develop propositions emerges. A hypothesis could be seen as a testable proposition. The appearance of relationship between categories will need to be tested to make sure that it is an actual relationship. In order to test the propositions one must seek alternate explanations for the proposed relationships and negative examples that do not conform to the pattern or relationship that is being tested.

Our analysis of the data is based on these activities and we have formed propositions from our primary research and will continue to look for support for these propositions in our theoretical framework.

3 Data

“During the 20 weeks this research has been in progress we had discussions with approximately 25 people; customers, resellers, Volvo CE personnel, academics and interesting people from other companies. We had longer interviews with eleven respondents from our two cases. The main interviews have been with respondents that are in executive positions with a lot of influence over how the trips to Sweden are carried out. The interviews have lasted between one and four hours and in most cases recorded. The other interviews have been less formal and ranged from discussions with customers over dinner to group discussions with key Volvo CE personnel and telephone conversations to follow up different topics. All of our main respondents have confirmed our propositions.

This chapter presents summaries of the empirical data that has been gathered. The summaries are presented chronologically. Since no previous research has been conducted on this topic we present a thick empirical summary with many quotes from the respondents. Our aim here is to show the similarities but also the respondents’ different views on the same phenomenon.”

3.1 Pre-Study and Atlas Copco

When we started on this academic escapade we talked with the entire Demo Centre staff and had informal discussions on several occasions with both the drivers and the administrative personnel to try and find out what we should further investigate. After many interesting discussions we started to see the Demo Centre as a tool for the resellers to come closer to their customers and possibly increase their sales.

Our supervisor Professor Sten Söderman told us about a similar demo centre used by Atlas Copco. So before we began to dig deeper into the Volvo CE’s Demo Centre we decided to contact Atlas Copco to see if there were any similarities between the usage of their respective demo centers’. Our first visit, and interview, to the mine and Atlas Copco led us 20 meters underground where they had rebuilt an old testing mine to a conference room with a cinema display and dining passivity’s. The mine also has a tour of the upper part of the mine where they bring customers’ to display what Atlas Copco can do and also show minor demonstrations of their equipment.

Atlas Copco and Volvo CE are not competitors but they sell equipment that could be used in order to complete each other so their equipment can work in perfect harmony. There have been some joint efforts in terms of selling their respective clients but this seems uncommon.

At our second visit to Atlas Copco we interviewed an executive that told us how they used the mine when they have customer visits. When they have important customers that they want to show something extra they take that group of customers down in the mine for meals and a presentation of Atlas Copco and possibly a light demonstration. The mine functions as a starting point for many of their customer visits, where they then can take them to different factories such as Örebro and in some cases they also take the customers to Eskilstuna and the Volvo CE Demo Centre. This collaboration is based on a respondent at Atlas Copco’s relationship with one of the Volvo CE executives, and the collaboration apparently works both ways. To finalize their trip they often make a summary in the mine over dinner and possibly a demonstration of Atlas Copco’s equipment. The executive at Atlas Copco told us that these trips are conducted in order to create/strengthen their relationship with their customers. Another aim with the trip is so that the customers can see that Atlas Copco are willing to commit to their customers and show that they are a credible and financially stable business partner.

“The customers need to feel that they can trust us as their supplier and that we are willing to commit to their project. It is important for us that we can support our offices outside of Sweden and take care of the customers when they come and visit us..”

(Manager, Atlas Copco)

According to the Atlas Copco executive they consider trips as a marketing investment and they wish to treat their customers well, careful not to overindulge which could risk being seen as bribery, resulting in that there are some things that the customers have to pay for themselves. Another important factor for Atlas Copco is to show their customers the “Atlas Copco image” and that they are the best supplier on the market.

3.2 Belgium and Luxemburg – Waste Management

In our first Volvo CE case study we followed a group of 15 potential customers from Luxemburg on their trip to Sweden. We were together with the customers for one day but their trip to Sweden extend over three days. The group from Luxemburg were not Volvo customers but were seen as highly prospective customers and were managers and owners of some of the major waste management companies in Luxemburg.

When we first met the group it was at the Demo Centre in Eskilstuna and they seemed very happy, and some a bit tired from the dining activities the night before. We had brief discussions with the reseller but mainly observed their activities during the day. Two weeks later we followed up the visit by flying down to Belgium and Luxemburg to talk to the Volvo CE managers at the reseller.

Our first point of interest was why they decided to take these prospective clients to Sweden and the Demo Centre. The managers argued that they are trying to put Volvo CE on the map in Luxemburg and that Luxemburg is, since it is a small country, a special market. It was very important for them to try and build a relationship with their prospective customers, a relationship build on trust and respect. They felt that this was an important breakthrough since they agreed to come to Sweden and take time off and partially pay for the trip. The managers also feel that they show their prospective clients a lot of good will when they invite them on this trip. We asked them about what how trust is important and in what way the trust could be increased by going on trip to Sweden.

“You have different aspects. The first is that you have time to talk about things, and when people talk you automatically come closer to one another. That is a matter of understanding the customer better and the customer-supplier relationship. Secondly coming to Sweden confirms the Swedish tradition of being a nice country with nice and balanced people and everything is, to my opinion at least, right, so the customer gets the feeling of this as well. To do things right, professional and correct and a visit to Sweden gives me a confirmation of the values of Volvo and the product. The third is getting in contact with the products, there is a factory and you come in contact with the product...”

“..Yes, relationships and trust. Very long term relationships and trust. And this is exactly what you create by being together for three days when proposing a nice

program which has a little bit of all. And in response to your previous question “why this type of program”?, it has to do with our way of approaching the customer. There is the “American way”, shouting at your best, overwhelming the customer and saying we have the best products and halfway through giving them the order forms and saying “how much do you want and how much do you want”? Then there is our way, we want to show what we have, then it is up to the customer to decide if he wants to buy from us. We are not pushing, and that is a way of approaching the market, and that is our way. That is what is important about the visit to Sweden, that you not only show them the factory, the machines, but do other things as well, show the country, let them ask questions, and let them come to us if they are interested in buying machines...”

(Managers, Volvo CE reseller)

We talked about what other benefits the resellers sees in going to Sweden and the Demo Centre and what kind of feedback they have gotten from the customers.

“..One of the customers said “my next wheel loader will be a Volvo Wheel loader.” Another customer she talked to a few days ago said: “My Komatsu wheel loader; that’s not a Wheel Loader. Please make me an offer for buying it back and offer me a price for a Volvo Wheel Loader.../I have nothing against competition but this statement says something. When the customer says that the Komatsu is not a wheel loader, you could not get better feedback than that...”

(Manager, Volvo CE reseller)

During their trip to Sweden they where not only at the Demo Centre and the Munktell Museum, they where also in Arvika at the dumper factory and went snowmobiling and finally, a tour of Stockholm. It seemed important for the reseller to show the customers Sweden and a little more then just Volvo CE.

“..I think it is important to show them a bit of all, that is why we first went to the factory and then went snowmobiling in the nature, then the Customer Centre, then the component factory and then to Stockholm, having fun. It is important to have fun. If you go with a group and want to have a good atmosphere it is important to have fun, these things create atmosphere. Also the group asked for some special things, so we arranged that...”

(Manager, Volvo CE reseller)

One problem for the reseller is to measure if these activities have any effect on the customers purchase decision. In this specific case it could be a little easier since they where prospective customers but still it would be hard to know if the effect came from this trip or from something else.

“..What we do know is that many customers are still talking about the visit from two years ago or three years ago here in Belgium. We know that a part of the customers value these trips very high, and also the sales guys see this as a very good investment because they create a relationship that is very hard to tear down. The customer comes closer to us as human beings, and in the end it is trust in the

sales guy and the company that is needed when handling such big investments. It tells them that we will not let them down if there is a break down, when service is needed, when parts are required. So it has to do with trust, in the company, in the factory and in the product...

(Manager, Volvo CE reseller)

The purpose for the reseller to bring customers to the Demo Centre is to show the machines and that there is a wide range of construction equipment that Volvo CE has to offer. The Demo Centre is also seen by them as one of the nicest places to show the construction equipment.

“..the whole atmosphere is just “Volvo”. There is Volvo in the air, and that is what is so impressive for the customer... if you enter there without me, explaining to the customer that Volvo is the best brand, they leave an enormous injection of blue blood, Volvo blood. From that point of view, I think the Demo centre is one of the nicest places to visit with customers...”

(Manager, Volvo CE reseller)

Another opportunity at the Demo Centre is to fulfill some of the customers’ dreams and let them experience other equipment than they are used to operate. In many cases, such as this case, the customers are mostly managers and not operators and for them to get the opportunity to try the machines in a sometimes playful environment and have fun is important since they wouldn’t normally do that at their own company.

“..Normally our customers already know what type of products they need. Sometimes a guy who always uses a 16 or 18 toner, dreams about sitting in a 46 toner. That is for those guys extremely interesting to have the opportunity there to operate that machine. On the other side you have customers that have a couple of machines, other brands, and who want to try and experience what Volvo is like, those customers are extremely interesting to hear what they have to say about the Volvo products. They might say “this machine is a little slower” or “this machine is more stable”... there you get a bunch of information without thinking. A third opportunity is a guy who actually is looking for an excavator, a 36 toner, but doesn’t tell you because he doesn’t want to be put under pressure, and he thinks “I’ll try that machine as well” because in two or three months when we will be looking at excavators, I will ask for a bid from them as well, and THAT is an opportunity you don’t know about, but that you will miss if you don’t show them a more or less complete line of options. If you don’t show what you have, you might miss an opportunity. So I think that if we have a customer who comes to the Demo Centre and wants to try a machine, we have the obligation to give them this opportunity...”

(Managers, Volvo CE reseller)

The discussion led in to possible improvements of the Demo Centre and the first thing that comes into mind for the reseller is that a real factory nearby would really improve the

experience. The component factory is a nice facility but it is not the same thing as going to a factory where they produce machines. On the other hand they shouldn't move the Demo Centre near a factory since the Munktell museum and the whole surroundings of Eskilstuna is Volvo country. They also feel that it is hard for them to organize a trip from Brussels they need more help in Sweden.

"..When it comes to organizing trips, we can not organize it from here, we can only recommend things and evaluate what has already been done, and give ideas. For example I know some restaurants in Sweden, I know some restaurants in Stockholm, some hotels, so sometimes I can give recommendations because it is good. But what is lacking today is ONE person, coordinating all the trips..."

(Managers, Volvo CE reseller)

Now a couple of weeks after the trip the customers seem very happy that they were invited to Sweden and they are still talking about it, organizing meetings to look at pictures from the trip.

"..I asked the customers what was the best thing about the trip and they told me that this was one of the better trips of their lives. And when I asked them what was the best thing and what did you learn etc. They all said the whole thing was just wonderful. Some of them appreciated the more technical parts and some appreciated the more experience oriented parts. But the general managers say that you could not get one point out. There is no one highlight..."

(Manager, Volvo CE reseller)

3.3 Denmark – The Rental Companies

In our next case we followed a group of Danish customers during two days in Eskilstuna. The group in this case were not decision makers per se, they were mostly mechanics and sales personnel from the four largest rental companies in Denmark.

The first day started out with a two hour presentation at the Customer Centre in Eskilstuna and that ended a little differently than normal. After the presentation the lights turned off and loud music surrounded us. Soon two futuristic dancers appeared from behind us and they danced towards the stage. The dance and light show ended with the curtain behind the scene going down and exposing shiny new construction equipment. Then there was a walk and talk-through of the different machines. The group then continued with lunch together and we had a discussion with some of the managers from Volvo CE about this trip. Right after the lunch it was time for the demo show followed by a three hour test drive for the customers. Later that night we all went to the Munktell Museum and had a terrific three-course dinner where we got the chance to talk to both the customers and all the personnel from Volvo CE Sweden and Denmark. Everybody seemed to have a great time with good food and drinks and the conversations and atmosphere were happy and sometimes a bit loud. The night then continued back at "stadshotellet" with more drinks and more opportunities for us to talk to the customers and the people from Volvo CE.

The following morning started early but everybody was in a good mood when the bus took us to the component factory where we were toured around the facilities. We also looked at

the Re-man factory, a warehouse and an educational centre. The day ended at the customer centre with a short summary and lunch.

Two weeks later we went to visit the Volvo CE reseller in Denmark to do our follow up on the trip with an interview with one of the managers there. We had a long discussion about this particular trip and how the use trips in general and in what purpose. Our first topic for the interview was why they had chosen to take a group of non-decision makers on this trip.

“..It was the first time we tried it and we have sold a lot of machines this year and a lot of them have gone to rental customers. We have three or four big rental customers and we know that it is very important to keep the guys in the workshops happy. So our key account manager decided to try and take them to Eskilstuna instead of the executives because the owners doesn't want to go anymore, they don't have the time and don't want to see the show. We thought that we could give these guys a good impression of Volvo by taking them to Eskilstuna and I think we succeeded...”

(Manager, Volvo CE reseller)

Our discussion continued on what the management at the rental companies might think of Volvo CE inviting their service personnel instead of the management.

“..They know we want to build up good relationships with the guys who work in the workshop. Our account manager is always talking to the workers when he visits our customers. This helps him to further build the relationship...”

(Manager, Volvo CE reseller)

We talked a lot about the motives for the reseller to take these people on the trip and how it could be justified and what they hoped to gain from it. There seems to be a clear goal in building up a closer relationship with the “entire” customer and not just the management and those who are in charge of making the decisions at the companies. And even though this group may not have that much influence over the purchasing decisions if they aren't happy with the machines they repair and maintain it will be heard on the management level as well. It seems important for the Danish Volvo CE team to have a good relationship with their customers.

“..When it comes to rental companies it is very important to have a good relationship with them. Our key account manager only has to manage four companies. When the companies have a problem they call him directly and he will make sure that things get done. We don't have that with other companies...”

(Manager, Volvo CE reseller)

They stress the importance of the customers feeling happy and comfortable with Volvo when they go on a trip. They should be able to have a laugh together and feel more like friends than business accountancies. Sweden itself appears to be an important factor in showing off the Volvo brand in a good way.

“..Everybody knows that Volvo is Swedish and going there is like going to the birthplace of Volvo. You have the museum, the demo centre and the factories. They feel special when they go back to their work and can say that they have been to Sweden and seen Volvo’s birthplace. So yes, it is very important to go to Sweden. It is not the same thing to do a demo here or in Kontz. Kontz doesn’t have the museum and the other things...”

(Manager, Volvo CE reseller)

We asked the reseller what their aim was when they go to Sweden and the Demo Centre and how the trips affect sales.

“..The most important thing is build up a relationship with the customers. When we go to Volvo Days with a big group of clients we are all friends and we feel like family. I think we achieve this every time. So when we come back we are doing business with our friends and family. Our sales guy is nice and friendly and professional but it is very important to be friendly with your customers...”

(Manager, Volvo CE reseller)

“..It is very difficult to see any correlation between the trips and the sales maybe mostly because we bring our best customers to Sweden and not a lot of new customers. We have been trying to bring new customers but our old customers ask us why we bring new customers when they have been our customers for 20 years. It is very difficult to do this with any success. We bring the biggest customers and those we have the best relationship with.../.We can’t say that if you bring a customer to Sweden we sell two more machines because we don’t know what they would have bought if they didn’t go on the trip..”

(Manager, Volvo CE reseller)

The reseller also brings customer that own few machines in total but are loyal Volvo CE customers. They justify this mainly with the argumentation that the construction equipment community is small and they all know each other. These customers often act as advocates for Volvo CE and help them sell machines to other customers by spreading the word about Volvo CE. There is of course competition on the market but in many cases the owners of the different companies have good relations and help each other out.

We asked why they think the customers want to have a relationship with them. What could the customers gain from having a relationship with Volvo?

“..I think it has to do with trust. Trust in our sales person and trust in the brand. There is also a personal/social relationship with the sales guys. Our customers need to feel that they are respected by our sales person...”

(Manager, Volvo CE reseller)

We asked how important the Swedish experience was with the demo centre and how important the demo centre is compared to other activities in Sweden.

“..It is very important, relationships are of key importance. The best way to estimate how important the trips are is to compare it to a demo day in Denmark and then it is 9:1 in advantages for Sweden or even higher. It is important to go to Sweden since Volvo is Swedish.../... When we for example we go to the demo days it is something that our customers remembers and talks about. Of course it is also very important for our customers to get to try the machines. The Museum is also very important to see Volvos’ history. As I see it, it is a package when you go to Sweden...”

(Manager, Volvo CE reseller)

When it comes to the driving experience at the demo centre it seems to be different scenarios depending on the experience level of the driver that is trying the machines. However it is important for both an experienced conductor and an inexperienced manager to be able to have fun. There needs to be a realistic driving environment and instructors nearby so they can ask them if they have any questions. But there is also an experience factor for the drivers.

“..They want to try out new machines and not machines that they have been driving for 20 years. It is good when they can try out new machines and that is one of the biggest benefits with the Volvo Days when you have the entire range present. When the customers get to try a big machine like the Easy 700 they walk a way with a big smile like they just came out from an amusement park...”

(Manager, Volvo CE reseller)

The managers are often more easily amused and seem very happy when they walk away after a test drive. The managers may seldom drive machines themselves, making the Demo Centre an opportunity to try the machines and have fun.

The Danish office spends a small amount of money on marketing and it’s only approximately 0.1 percent of their total earnings that goes back into marketing. On the other hand they can’t say if their sales would have been higher if they would have put more money into marketing activities such as trips to the Demo Centre in Sweden or other places. They do think that the relationship activities they do with their customers will be remembered when the current high growth rate will decline.

3.4 Pre-theoretical Summary

After the cases we used Saunders (2003 pp. 378) guidelines for analysis to process the data (see 2.6). So, we sat down and summarized the most common comments, patterns and themes we had come across creating categories. The aim was to:

1. comprehend and manage them;
2. integrate related data drawn from different transcripts and notes;
3. identify key themes or patterns from them for further exploration;
4. develop and/or test propositions based on these apparent patterns or relationships; draw and verify conclusions (ibid., p. 380).

We started by reviewing the data we had gathered (1) and jotted down on pieces of paper and laid them down on the floor (2). The aim was to categorize the notes in some sort of system or

model, without any specific theoretical knowledge (3), which Saunders refers to as “Categorization” (ibid., p. 381). The categorization leads to *groups* or *assertions*. Saunders et al (2003, p. 383) instruct that the categorization enables the development of hypothesis or propositions. Before actually calling them propositions we looked for theoretical support for our assertions or conclusions, aimed to be visualized by the “Empirical Analysis Model” (see appendix, 10.3).

The conclusions (see appendix, 10.4) served as foundation in our search for theories. In the Data chapter we sought to attach relevant parts of data to each assertion or conclusion, as recommended by Saunders (2003, p. 383).

The conclusions was compared with the theories and thereafter reviewed to see what new light the theories shed on the conclusions. This led to a revision of the conclusions and also a confirmation of the conclusions so that they where developed in to propositions (see 5.6). The original model (see appendix, 10.3) where modified to fit the development of the propositions and analysis findings (see 6.2).

4 Theoretical Framework

“In this chapter we present the most relevant theories for our propositions and together they form our theoretical framework. The theories in this chapter should in most cases consist of the most cited and used theories in their respective field and we have tried to go back as far as necessary to find the original creative source behind the ideas. In some cases the older theories we found were not the most relevant and in these case we have relied on newer interpretations and developments of the older theories.

The theories in this chapter are about Relationship Marketing, Trust and Commitment, Reciprocation, Brands and their function, Price sensitivity, Experience Economy, Consumer Experience Tourism, Involvement Theory and Nation branding.”

4.1 Relationship Marketing

Egan (2004, p. 104) suggest that trust and commitment appear inseparable in the relationship marketing debate. If one or the other is missing it is likely that the relationship is more of a “hands off” or temporary. Trust and commitment is a warrant for both parties that maximum efforts are taken to preserve and develop the relationship as it is seen as of high importance. Situations that may benefit from relational strategies are likely to be those where the customer and/or the supplier as important. A supplier could feel the need to “lock-in” the customer and therefore seek a relational strategy. A customer could feel the need for a relationship with the supplier if for example the perceived risk is high. The supplier could identify the customers need for a relationship seeking behavior and form appropriate strategies that will satisfy the customers’ needs.

“What these descriptions of trust and commitment suggest is that, whatever the industry, it is important to build trust and commitment if the establishment of a relationship is the end goal.”

(Pressey & Mathews 1998 cited in Egan 2004, p. 104)

This would imply that trust and commitment are generally prerequisites to a sale therefore a relationship building strategy is an important step towards achieving this.

4.2 The Value Concept and Relationship Marketing

In an article from 1996, Grönroos and Ravald (p. 19) upholds that focus is shifting from the activity of attracting customers to activities which concerns having customers and taking care of them. This assertion whether one concurs or not, has been a topic for discussion for quite some time in marketing research, leading to the “Relationship Marketing” approach. The core of Relationship Marketing is relations and the maintenance of relations between the company and actors in their micro-environment (ibid., p. 19-20).

Relationship marketing is closely intertwined with the terms *value*, *customer loyalty*, *customer satisfaction*, *perceived quality* and *sacrifice*.

-Grönroos and Ravald (1996, p. 19) consider *value* to be an important constituent of Relationship Marketing, and company's ability to provide superior value to their customers is regarded as one of the most successful competitive strategies.

-*Customer satisfaction* is considered an important factor to achieve *customer loyalty* (ibid., p. 19).

-*Value* is an important constituent of Relationship Marketing, and the providing of superior *value* to the company's customers is regarded as one of the most competitive market strategies (ibid., p. 19).

- *Customer satisfaction* is dependant of *value* and cost or sacrifice (Grönroos & Ravald 1996, p. 20).

-A generally accepted definition (Gronroos 1982; Parasuraman et al, 1988 cited in Grönroos & Ravald 1996, p. 20) of *perceived value quality* is the difference between expectations and actual performance.

Customer-perceived value can be defined as follows:

"...Perceived value is the consumer's overall assessment of the utility of a product based on a perception of what is received and what is given".

(Zeithaml 1988 cited in Grönroos & Ravald 1996, p.

22)

Grönroos and Ravald (1996, p. 22) use Porter's "Value chain" to understand what is valuable to the customer and develop this by suggesting that customer-perceived value, out of a customer perspective, is related to his or her own value chain, and is highly situation specific. A key factor, they maintain, is the importance of relations.

4.2.1 The Importance of Relations

The value of having a relationship, for example the value of mutual commitment, is an important factor when analyzing an offer and how this influences the customers perception of the value, which Grönroos and Ravald (1996, p. 23) argue has a major effect on the total value perceived:

"In a close relationship the customer probably shifts the focus from evaluating separate offerings to evaluating the relationship as a whole. The core of the business, i.e. what the company is producing, is of course fundamental, but it may not be the ultimate reason for purchasing from a given supplier. The reason for purchasing may be simply because the customer has a relationship with this supplier and even though the offering is not exactly the one sought, the parties involved try to come to an agreement where the objectives of both parties can be met. In this situation the point of the discussion is changed. The issue is not what kind of an offering the company provides - rather it is what kind of relationship the company is capable of maintaining."

(ibid., p. 23)

Grönroos and Ravald (1996, p. 25) conclude their contribution by adding relationship to Monroe’s original equation definition of customer-perceived value, resulting in the following:

$$\text{Total episode value} = \frac{\text{Episode benefits} + \text{relationship benefits}}{\text{Episode sacrifice} + \text{relationship sacrifice}}$$

Figure 2 - Monroes equation revised (ibid., p. 23)

Their standpoint is that poor episode value can be balanced by a positive perception of the relationship, and in opposite a poor relation value raises the demands on the episode value. In addition to this the episode value and the relationship value exist in a mutually dependant relationship, meaning that positive episode value enhances the relationship value and a positive relationship value increases the total episode value.

“In a long-term relationship with the supplier the benefit concept takes on a deeper meaning. We talk about safety, credibility, security, continuity, etc, that together increase the trust for the supplier and thereby support and encourage customer loyalty. After a few successful transactions (the customer is satisfied) the customer starts to feel safe with the supplier - a trust is developing. The customer knows that this company is able to fulfill his needs and wants and is assured that the company will take care of the commitments it has made. For many companies these fundamental aspects of having a relationship with a customer are not always considered, even though this is something every company should pursue in order to retain the customers. Safety, credibility and security contribute to a reduction of the sacrifice for the customer and this is something we believe that the customer finds essential and very valuable.”

(ibid., p. 25)

Ravald & Gröroos (1996, p. 25) use the following model to illustrate these pointers:

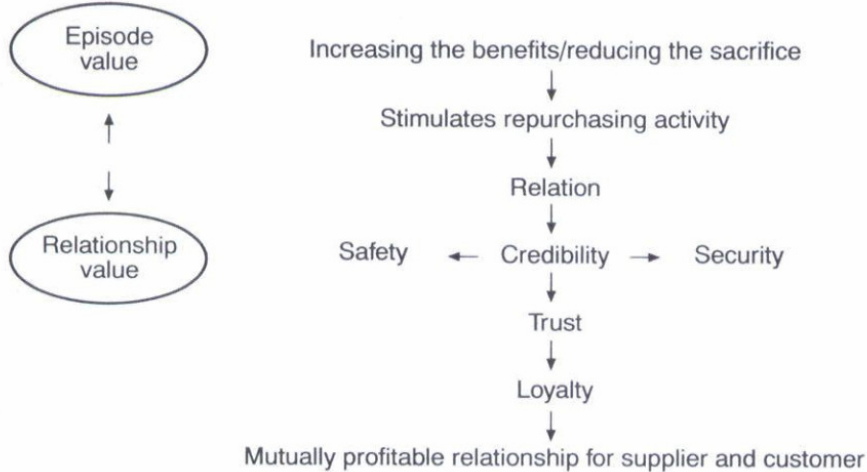


Figure 3 – “The effect of value-adding strategies in a long-term relationship” (ibid., p. 25)

Grönroos and Ravald (1996, p. 25) wrap up their contribution by saying that customer-perceived value needs to get a deeper understanding and a deeper meaning which does not relate only to individual episodes, but to the expectations of the customer and the

responsibility of the company to meet the expectations in a long-term relationship. Not till then can the customer perceived value be increased on both an episode level as well as on a relationship level.

4.3 The Commitment-trust Theory

Morgan and Hunt (1994, p. 22) argues that the goal of relationship selling is to earn the position of preferred supplier by developing trustful relationship with the important customers during a period of time.

In contrast to traditional network relationship from a strict economic perspective where power is the central concept and where one third of such strategic alliances fail Morgan and Hunt (1994, p. 22) argues:

“..What should be central to understanding relationship marketing is whatever distinguishes productive, effective, relational exchanges from those that are unproductive and ineffective – that is, what ever produces relationship marketing success instead of failures...”

(ibid., p. 22)

Even though there are many other factors that contribute to the success or failure Morgan and Hunt (1994, p. 22) argues that the presence of relationship commitment and trust are central to successful relationship marketing, not power and its ability to “condition others”. Commitment and trust are key factors because they encourage the marketer to:

- (1) work at preserving relationship investments by cooperating with exchange partners,
- (2) resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and
- (3) view the potential high risk actions as being prudent because of the belief that their partners will not act opportunistically.

Therefore when both commitment and trust – not just the one or the other – are present, they produce outcome that promote efficiency, productivity and effectiveness.

Morgan and Hunt’s (1994, pp. 22) theory implies what they label as the key mediating variables (KMV) model of relationship (Figure 4) marketing which focuses on one party in the relationship exchange and that party’s relationship commitment and trust.

Morgan and Hunt (1994, p. 23) defines relationship commitment as:

“..an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely..”

Morgan and Hunt (1994, p. 23) defines trust as:

“..Existing when one party has confidence in an exchange partners reliability and integrity...”

The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity, which is associated with such qualities as consistent, competent, honest, fair, responsible, helpful and benevolent.

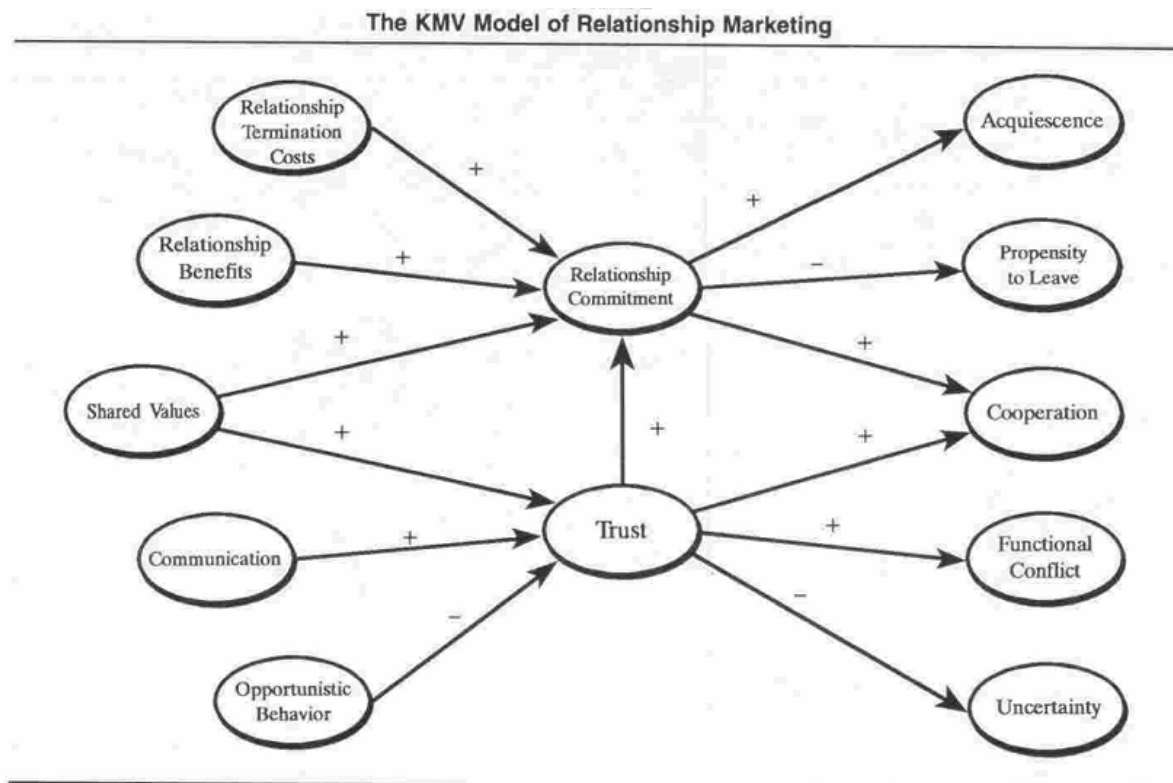


Figure 4 - The KMV Model of Relationship Marketing (ibid)

Relationship termination costs. A normal assumption is that a party that ends a relationship will seek an alternative relationship and have switching costs. This may lead the buyer to believe that switching supplier will lead to a high switching cost and therefore the buyer has an incentive to maintain the current relationship (ibid., p. 24).

Relationship benefits. Morgan and Hunt (1994, p. 24) argues that firms that receive superior benefits from their partnerships - relative to other options – such as product profitability, customer satisfaction, and product performance will be committed to the relationship.

Shared values. The only concept that Morgan and Hunt (1994, p. 25) posits as being a direct forerunner of both relationship commitment and trust, is the extent of which partners share values about what behaviors, goals and policies are important or unimportant, appropriate or inappropriate, and right or wrong.

Communication. A major forerunner of trust is communication which can be broadly defined as “the formal as well as the informal sharing of meaningful and timely information between firms”. Communication encourages trust by supporting and resolving disputes (ibid., p. 25).

Opportunistic behavior. “The essence of opportunistic behavior is deceit-oriented violation of implicit or explicit promises about one’s appropriate or required behavior. The behavior is

also defined by transactions theories about self-interest maximization.” However in long term a relationship with this kind of opportunistic behavior is negligible. Morgan and Hunt (1994) posits that when a party believes that the other party is behaving in an opportunistic manner the trust for that party decreases. Since the trust decreases between the partners so does the level of commitment to each other (ibid., p. 25).

Acquiescence and propensity to leave. Morgan and Hunt (1994, p. 25p) defines acquiescence as “*the degree to which a partner accepts or adheres to another’s specific requests or policies*” and they posit that relationship commitment positively influences acquiescence, whereas trust influences only through relationship commitment. Propensity to leave is “*the perceived likelihood that a partner will terminate the relationship in a near future*”. Morgan and Hunt (1994) posits a strong negative relationship between organizational commitment and the propensity to leave the organization.

Cooperation. Cooperation is when, parties work together to achieve mutual goals. If there is effective cooperation within a network, that promotes effective competition amongst networks. Therefore, cooperation promotes relationship marketing success. Conflictual behavior can co-exist temporally in a relationship; cooperation is not simply the absence of conflict (ibid., p. 26).

Functional conflict. There will always be disagreements or conflicts in relationships. When a conflict is resolved cordially the disagreement can be referred to as a functional conflict. The functional conflict can assist the relationship since it may prevent stagnation and stimulates a constructive discussion (ibid., p. 26).

Decision-making uncertainty. Morgan and Hunt (1994, p. 26) argues that trust in the supplier decreases the uncertainty in the decision making.

4.3.1 Relationship Commitment and Trust as Key Factors

In their research, Morgan and Hunt (1994, pp. 29) found strong support for their KMV model and over half of the variance in relationship commitment can be explained from the model. If cooperative relationships are required for relationship marketing success the results from the study clearly suggests that commitment and trust are key factors for success. The support for relationship benefits in the KMV model was not supported fully when some of the qualifying tests were done.

4.4 Trust

Madhok (1995) gives his definition of trust as the following:

”..Trust is the perceived likelihood of the other not behaving in a self-interested manner...”

(ibid)

Madhok (1995, p. 120) argues that trust has two main components; the structural and the social and they both reinforce each other.

“..The structural component refers to the complementary of the resources contributed. Synergy through resource complementary provides the value added and the consequent inducement to contribute toward the relationship.

(ibid., p. 120)

Trust that arises from the perception of long-term equity within the relationship is essential for continued benevolent exchange.

“..Trust is especially important in situations of uncertainty since, in its presence, less stringent contracting can occur in the expectation that the social dimensions of the relationship will occasion mutually desirable behavior...”

(ibid., p. 120)

Madhok (1995, p. 120) argues that by providing the motive to cooperate and the mutual direction that determines what action is in the best interest both parties in the relationship. A relationship with trust induces reciprocity and coordinates the actions taken. Investing in trust building activities can be seen as creating a stock of goodwill that the parties in the relationship can use if need arises. By engaging in trust building activities it can also be seen as committing to the relationship.

“It conveys long term intent and creates reciprocal obligations. Such reciprocal obligations encourages flexibility in the relationship, although an approximate balance is required over the long term...”

(ibid., p. 120)

The structural dimension is necessary for creating the relationship but not enough for its continuance. The structural dimension is necessary since unless both parties from the relationship are structurally bound to it, the relationship is clearly unstable. One of the reasons why it is not sufficient is that contributions to the relationship can not be evenly matched at all times and it is here the social dimension plays an important part in stabilizing the relationship. Another reason is that a strong social foundation increases the chances for synergies between the two companies. Nor can the relationship be built on solely the social dimension; the presence of both dimensions is therefore important (ibid., p. 121).

“..A trustful relationship does not just happen. It evolves gradually over time through repeated successful interaction and has to be carefully nurtured through various forms of hard and soft commitments...”

(ibid., p. 122)

In an attempt to give a general definition of trust Bhattachayra et al. (1998, pp. 461) argues that there are several themes from which trust can be viewed. First they argue that trust can not exist in an environment of certainty; if it did, it would do so trivially. Therefore trust exists in a risky and uncertain environment.

Secondly, trust reflects an aspect of predictability; both parties have an expectation on each other. They further argue that the prediction itself says nothing about if you trust the other part

to act in a benevolent manner or not. Trust is not an expectation but can embody an expectation. The third and fourth characteristics of trust are its strength and importance. The fifth being that trust exists in an environment of mutuality – that is, it is situation and person specific. The sixth being that trust is good in nature. Bhattachayra et al. (1998, p. 462) argues for a mathematical model of trust but they are giving an “imprecise” verbal definition:

“..Trust is an expectancy of positive (or nonnegative) outcomes that one can receive based on the expected action of another party in an interaction characterized by uncertainty..”

(ibid., p. 462)

This definition should be consistent with Bhattachayra et al. (1998, p. 462) six components described above.

4.4.1 Trust in the Supplier

In most situations where there is a large deal at hand, trust and collaboration are important components in the process. Trust could be the key factor that determines if there will be a deal or not.

“Trust is hard to measure and quantify but should not be considered less important than other factors just because it is hard to measure. Some research shows that trust and honesty is highly ranked by the customer in a customer-supplier relationship. If the customer knows that he will be in a long term relationship with the supplier, then it is essential that he likes and trusts the supplier...”

(Cheverton 2000, p. 119)

4.5 Reciprocation

Gouldner (1960, pp. 161) discusses the norm of reciprocation as the rule that obliges us to repay others for what we have received from them. Through many different views he tries to clarify the concept of reciprocation and explain how it could be used in analysis.

Gouldner (1960, p. 171) argues, in contradiction to some cultural relativists, that the norm of reciprocity is universal. There are however to minimum demands for the norm of reciprocity:

- (i) People should help those who have helped them, and
- (ii) People should not injure those who have helped them.

The norm of reciprocation could be considered as a dimension in our value systems i.e. our moral codes. The norm of reciprocation may be universal but it is not unconditional and the reciprocation varies depending on the original input. If the value of the benefit received is perceived as low, the reciprocation of the debt the person feels will most likely also be low. The obligations of the norm of reciprocity may vary in different cultures in some cultures it is stronger and in others weaker but the norm still applies.

Gouldner (1960, p. 172) argues that there are two views from which the value of the reciprocity could be measured. In *heteromorphic* reciprocity, equivalence may mean that the

things exchanged may be different but should be equal in value, as defined by the actors in the situation. The second case is *homeomorphic* reciprocity and equivalence may mean that exchanges should be concretely alike, or identical in form, either with respect to things exchanged or to the circumstances under which they are exchanged. The norm of reciprocity is not only used for “good” exchanges, there is also negative reciprocity where the reciprocity is a form of revenge.

4.6 Experiences

A buying experience can be divided into different stages according to Gilmore and Pine (1999, p. 2). The commodity is the foundation, which they choose to exemplify through coffee, where the coffee bean is the commodity. When ground and packaged it turns into a good. When a diner or coffee shop brews the coffee and pours it in a cup and serves it to a customer it is turned into a service. Each step adds cost for their contribution based on an increased perceived value for the customer (ibid., p. 2).

On top of this comes the experience. This is where Pine & Gilmore argue that the new economy give room for profitable margins and/or high pricing, as commodities, products and services more and more are being exposed to a price focused market, so called commoditization (ibid., p. 11).

“...when he buys an experience, he pays to spend time enjoying a series of memorable events that a company stages – as in a theatrical play – to engage him in a personal way”

(ibid., p. 2)

Many companies are acknowledging and employing experience as a part of their product, giving birth expressions such as “eatertainment”, “shopertainment” and “entertailing” (ibid., p. 3).

Gilmore and Pine (1999 p. 11) define experience as something which:

“...occurs when a company intentionally uses services as the stage and goods as props to engage an individual... experiences are memorable”

(ibid., p. 11)

They mean that in the same way people have cut back on goods to spend more on services, people are now increasingly scrutinizing on services to make room for more memorable and more highly valued experiences. These experiences are personal and experienced internally. The prices of experiences are increasing more rapidly than goods and services, simply because customers value experiences higher (ibid., p. 12).

So what are the motives for the growth of experiences? Because it makes people willing to pay more.

Staging entertainment does not mean adding entertainment to an existing offer. Gilmore and Pine (1999, p. 30) argues that staging experiences is not about entertaining the customers, it's about engaging them.

Memorabilia is a tangible artifact of the experiences the customers want to remember. Such items are often among individuals most cherished possessions, worth far more to them than the cost of the physical artifact (ibid., p. 57).

4.7 Consumer Experience Tourism

Mitchell and Orvig (2002, p. 30) argues that with advent of relationship marketing brand managers are forced to seek new and innovative ways of creating long-lasting and mutually beneficial relationships with their customers. Showcasing the creation or development of products can be an important catalyst in bonding with the customers. Manufacturing plant tours, company museums and company visitors' centre's represent an important part of a firms integrated marketing communications effort. The efforts try to affect consumers' behavior by creating a customer-centered communications program that builds relationships between the customer and the brand.

Mitchell and Orvig (2002, p. 31) calls this phenomena Consumer Experience Tourism (CET). It is suggested that CET represent a unifying theme for this segment of the tourism industry. CET captures the consumer's ability to discover more about the brands they consume while manufacturers can form closer relationships with their consumers during the time spent as the facility's guests.

Mitchell and Orvig (2002, p. 31) argues that companies should try to meet the consumer needs at three levels:

- (1) functional (providing solutions for the consumers problems);
- (2) symbolic (providing satisfaction of physical desires); and
- (3) experiential (providing sensory pleasure, variety, and cognitive stimulation)

CET can strengthen the bond between the consumers and brands by providing a visual presentation of the brand, its operation, production process, history, and historical significance. The bond may be viewed as an increased level of personal involvement with the brand and may translate into greater brand loyalty. Cognitive involvement reflects a consumer's interest in thinking (or learning more) about the products. CET may increase the consumer's level of cognitive involvement by stimulating thinking about the brand and its production process. Further, the positive word-of-mouth communication stimulated by satisfied visitors may be deemed more credible than other paid forms of promotion.

Mitchell and Orvig (2002, p. 33) argues that a manufacturer can use its physical facilities to establish (or strengthen) the bond with a variety of parties. The target consumers for CET can be divided into three categories:

- (1) current and potential consumers;
- (2) business partners; and
- (3) community stakeholders.

Consumer experience tourism provides the consumer with an experience regarding a product, its operation, production process, history and historical significance. This represents the desired outcome of relationship marketing; that is, consumers increase their knowledge of (and establish closer bonds) with both familiar and not so familiar brands. This heightened

level of product knowledge may contribute to a heightened level of personal product involvement (ibid., p. 35)

Involvement theory suggests that consumers who have witnessed a product's production may become more brand loyal as a result of their identification with the product, their familiarity with the production process, their firsthand interaction with employees, first-hand witness to their quality assurance processes, and other internal needs. As such, business outcomes such as growth in buyer loyalty, sales, profitability, and market share are some of the outcomes sought by the companies that provide manufacturing plant tours, company museums, and company visitor centers. It would be too narrow-minded to suggest that the sole purpose of CET is to increase sales, profitability and loyalty. Other outcomes sought focuses on company image, education, open communication, and stability (ibid., p. 36)

4.8 Involvement Theory

According to Laurent & Kapferer (1985) today it is often boiled down to one single parameter of measurement, namely "perceived importance", which they claim is not vivid enough to represent customer involvement. They argue that an "involvement profile" should be used in order to more fully specify the relationship between the consumer and the product category.

They argue that the profile not only needs to contain *degree* of customer involvement, but also *type* of customer involvement.

To start with they recognize a generic definition of involvement:

"Involvement is an unobservable state of motivation, arousal or interest. It is evoked by a particular stimulus or situation and has drive properties. Its consequences are types of searching, information-processing and decision making."

(ibid.)

They also mean that since involvement is a hypothetical construct, it cannot be directly measured. It can only be inferred from the presence or absence and intensity of its alleged determinants or antecedents. Their operational question and goal is to identify these antecedents of involvement and they have reached the following five:

-Interest in the product, the rewarding nature of the product (perceived pleasure value), the sign value of the product (its perceived value to mirror the purchasers personality or status, the perceived importance of negative consequences in case of a poor choice, and the subjective probability of making such a poor choice. From these factors the last two are what classically symbolize the classical perceived-risk value. The five stated antecedents mediate the effects of a number of variables on involvement where the classical only take 25 percent of these factors into consideration.

4.9 The Importance of Nation as Brands

Markets around the globe are becoming more mature and competing with only the core product is becoming increasingly difficult, where extended differences and/or attributes in different forms are overtaking focus. One of these are the strength of the brand of the nation (Lee & Carter 2005, p. 224).

“Countries have always been brands, in the truest sense of the word. Their ability to compete against each other for tourists, foreign investment, consumers, the attention and respect of the media, is significantly determined by the power of their brand image”... “The notion of brand management for countries has become established as one of the key tools for competitiveness.”

(Anholt 2005 p. 34)

Anholt has the “Anholt National Brand index Q1 2005” as basis for his article where Sweden is ranked as the overall number one brand. He speaks cordially of Sweden’s strong brand and poses the question “*Sweden: The best brand in the world?*” (ibid., p. 34) and answers it with assent. He sees Sweden’s ability of dualities as one factor for success; the ability to be both reassuring and sexy, both stable and stimulating. Few other countries can attain such a perception (ibid., p. 34).

Another key factor for Sweden’s success that Anholt (2005) points out is that of a somewhat semiotic approach;

“Brand is not the message, it is the context in which the message is received. If the context is positive, then even negative messages will be interpreted in a favorable light. This is why having a powerful and positive nation brand is such a valuable asset: it’s kind of a national insurance policy.”

(ibid., p. 34-35)

Anholt (2005 p. 34) exemplifies factors that affect the nation equity in a positive way as (i) well distributed and well-loved brands (Ikea, Volvo, Absolut, Saab) (ii) a cheerful popular culture (Abba, Pippi Longstocking) (iii) a beautiful landscape and (vi) friendly and cultured people.

Anholt concludes the importance of a nations brand as follows:

“A nation's brand image is its most valuable asset: it is national identity made robust, tangible, communicable, and - at its best - useful.”

(ibid., p. 34)

Looking at a more recent version of the Anholt Nations Brand Index (2006), based on peoples perception of six parameters of a country, we can see that Sweden is now one of the worlds strongest overall brands (5th) and one of the two strongest brands when it comes to power of brand and consistency in brand. It is known for natural beauty, stable political climate, stable governance, as well as strong in “human capital”. When it comes to ranking of “Science and technology”, Sweden attains a ninth place in the world in this category, outranking nations such as Russia, South Korea and Singapore (Anholt Nations Brand Index 2006).

4.10 Brand Credibility and Consumer Price Sensitivity

The brand is a factor that could affect the consumers’ choice behavior and it also plays a part when there is uncertainty about product attributes and/or benefits. Consumer uncertainties arise from imperfect information about the market and the products. Under such conditions brands may play a key role in how consumers learn, encode and evaluate the brand information Erdem et al. (2002, p. 1)

In their research Erdem et al. (2002, p. 1) explores whether and how brands and brand credibility affect consumer price sensitivity when there is uncertainty about product attributes.

Definition of price sensitivity:

“..the weight attached to price in a consumer valuation of a product's overall attractiveness or utility..”

Definition of brand credibility:

“..the believability of the product position information contained in a brand, which entails consistently delivering what is promised..”

(ibid., p. 2)

A company can use various marketing mix elements in order to signal quality, such as charging a higher price, offering extended warranties, or distributing via high end channels. If these elements increase the brands credibility it is dependant on the market conditions and if there is competition or general consumer behavior. The message of the brand differs depending on both the current marketing mix both also on the brands previous marketing mix and activities.

“..The brand credibility is on the other hand not the same thing as the credibility of the marketing mix since the brand credibility represents the cumulative effect of all previous marketing actions taken by the brand...”

(ibid., p. 3)

The concept of credibility has two main dimensions, which are trustworthiness and expertise. To be perceived as credible a brand needs to be perceived as willing and able to deliver what is promised. Trustworthiness relates to that the brand is willing to deliver what is promised, while expertise is the capability of delivering.

“..The more credible a brand's signal of its product positioning, the lower consumers' perceived risks and the less information gathering and processing costs consumers need to incur during decision making...”

(ibid., p. 4)

If the brand is perceived as credible, it may also increase the perceived quality of the brand. However, the perceived credibility may not be associated with high perceived quality. A brand could be seen as credible in delivering low quality and low priced items, such as K-Mart, and thus not seen as a high quality brand (ibid., p. 4).

Montgomery and Wernerfelt (1992) argues that brand credibility should increase the expected utility by (1) increasing perceived quality and/or raising expected quality and (2) decreasing perceived risk and information costs.

Marketing mix effects on consumer price sensitivity have been thoroughly researched but with mixed results. Some research findings argue that advertisement decreases price sensitivity while others argue the opposite (Erdem et al. 2002, p. 4).

Price sensitivity could be seen as a function of the available information. When there is uncertainty about the quality and the quality is an important attribute for the consumer they may become less price sensitive. On the other hand if consumers are not sensitive to uncertainties about brand attributes such as quality they may become more price sensitive. This function is valid for all product attributes and not only quality (ibid., p. 5).

This leads to the following mechanism that constitutes why brand credibility should affect price sensitivity.

- (1) Credibility may decrease perceived risk, which may affect price sensitivity. Under high levels of uncertainty about product attributes, consumers may want to minimize expenses or losses. By decreasing uncertainty and associated perceived risks, brand credibility may decrease sensitivity to price.
- (2) Credibility may decrease information costs, which in turn may decrease price sensitivity due to cost reductions in information search and processing; that is, if consumers can save on "information gathering and processing costs", they may derive less disutility from a given price.
- (3) Credibility may enhance expected and/or perceived quality, which may reduce price sensitivity

With the reasons Erdem et al. (2002, p. 6) discussed above they argue that the higher the brand credibility, the lower the price sensitivity.

If price functions as a quality signal, the availability of a credible brand to signal the brand's position may reduce the use of price as a substitute for missing information. However, instead of being substitutes, brand and price signals may be complements, in which case brand credibility may enhance the credibility of price as a quality signal because price signals alone often are not credible (ibid., p. 6)

Erdem (et al. 2002, p. 18) findings regarding the effects of brand credibility on price sensitivity suggest that brand managers should be eager about managing and protecting their brand's credibility levels. Brand management should include all aspects of credibility, such as consistency among all of a brand's marketing mix elements, consistency of a brand's marketing mix strategies over time, minimal changes to a brand's product quality levels, and/or careful consideration of the consequences of extensions to brands.

4.11 The Brands Functions

Kapferer (2003, p. 16) argues that the value of brands comes from their ability to continuously add value while at the same time remaining at the market price. He further argues that the brand has eight primary functions in order to create value for the consumer (shown in Table 2). The first two are mechanical, concern the essence of the brand. The following three functions reduce the perceived risk. The last three have a more pleasurable side to them. The functions are not automatic and they need to be defended by the brand owner at all times. (ibid., p. 29).

Function	Consumer benefit
Identification	To be clearly seen, to make sense of the offer, to quickly identify the sought-after products.
Practicality	To allow savings of time and energy through identical repurchasing and loyalty.
Guarantee	To be sure of finding the same quality no matter where or when you buy the product or service.
Optimization	To be sure of buying the best product in its category, the best performer for a particular purpose.
Characterization	To have confirmation of your self-image or the image that you present to others.
Continuity	Satisfaction brought about through familiarity and intimacy with the brand that you have been consuming for years.
Hedonistic	Satisfaction linked to the attractiveness of the brand, to its Logo, to its communication.
Ethical	Satisfaction linked to the responsible behavior of the brand in its relationship with society (ecology, employment, citizenship, Advertising which doesn't shock)

Table 2 - The functions of the brand for the consumer (ibid., p. 30)

Kapferer (2003, p. 45) refers to PIMS where on average the market leaders generate a profit of 12.1 per cent from their sales those who are second generate 8.3 per cent those who are third only 3.5 per cent. For a company a brand is still the best way to become profitable.

The brand can be seen as a living memory that different people from different generations can have split views of a brand depending on their contact with the brand's products. However it is because a brand is the memory of the products that it can act as a long lasting and stable reference for consumers. The brand is both the memory and the future of its products (ibid., p. 52).

5 Analysis

“The analysis will present five conclusions based on empirical findings, validated by all respondents, and through theoretical support evolve these propositions into propositions. The different tangible and intangible factors in the propositions are then analyzed further to show the relative importance between the different factors.

The analysis will go through the value and importance of the Demo Centre, the Munktell Museum, the factories and Sweden. Through these tangible places there are intangible values that can be experienced by the resellers and their customers such as; Experiences, Dreams, Having Fun, Memorabilia, Brand Image and the Volvo Philosophy. Then the analysis further shows what the effects are in experiencing these factors such as increased trust in the reseller, reduced price sensitivity, a propensity to reciprocate and a strengthened relationship between the customers and the resellers. In the end this increases the sales for Volvo CE.

When dealing with relationship marketing activities and how they affect the purchase decisions of the customers, it is always hard to determine how much they really affect the final decision. Empirical findings show that in some cases it could be 20-50 percent of the purchase decisions that could be derived from the propositions, in some cases more and some less. Other outside factors; such as price, service, financial services etc could explain the rest of the sales. This number is an estimate from the respondents and is hard to verify since the causal relationship of a sale is hard to measure. From a theoretical standpoint it is even harder since the propositions are based on many different factors which find support through various theories.

The propositions work in a sequential order where Proposition one is required in order for Proposition two to function and so on.

5.1 Proposition 1 – The Tangibles

At the Demo Centre in Eskilstuna the customers have the possibility to see and try out different construction equipment from Volvo CE. The Munktell Museum is a museum of Volvo CE's history and displays it in a unique environment to the customer. Visiting the different factories in Sweden shows the customer that Volvo actually builds some construction equipment in Sweden. It also gives a sense of quality to the customers to be in a clean and well organized construction plant. Sweden itself is a factor that can be used to illustrate typical Swedish values that reaffirm Volvo.

By taking customers or potential customers to Sweden and the Demo Centre, The Munktell Museum and the different Volvo Factories, the Volvo CE resellers are engaging the customers in CET events (Mitchell & Orvig 2002, p. 31). By doing this Volvo CE are both educating their customers in the Volvo CE brand values and strengthening their customers bonds towards Volvo CE. This bond could lead to a cognitive involvement from their customers and they are assumed to be thinking more about Volvo CE and are more willing to learn about Volvo CE. It is also assumed that this bond increases the customers loyalty towards Volvo CE Mitchell and Orvig (2002, p. 31). This is in fact one of the aims with relationship marketing, that the customers are more involved in the brand and feel a closer connection towards the company and their representative.

Involvement theory suggests that consumers who have witnessed a product's production may become more brand-loyal as a result of their identification with the product, their familiarity with the production process, their firsthand interaction with employees, first-hand witness to their quality assurance processes, and other internal needs. As such, business outcomes such

as growth in buyer loyalty, sales, profitability, and market share are some of the outcomes sought by the companies that provide manufacturing plant tours, company museums, and company visitor centre's (ibid., p. 36). This further supports that the activities that Volvo CE engages their customers in are beneficial to their sales process. However Laurent & Kapferer (1985) argues that involvement is an unobservable state of motivation, arousal or interest. They also argue that involvement is a hypothetical construct, it cannot be directly measured.

"..The customers where over the top happy about the trip and that the whole country is speaking about it (bear in mind that Luxemburg is a very small country). The customers where very happy that they could try out the construction equipment freely and the instructors where at close range to answer their inquiries.."

(Manager, Volvo CE reseller, case 1)

This statement indicates the active involvement from the visiting customers where they are seeking help and asking questions, thus this behavior could lead to a more brand loyal and engaged customer (Mitchell and Orvig 2002, p. 36).

"..When the customers went to Arvika they could see that Volvo is really building and assembling wheel loaders in one plant that there are no sub-manufactures who are supplying then and building the wheel loader at other plants. The customers where very impressed by the people working in the plant when they did the walkthrough.."

(Mangers, Volvo CE reseller, case 1)

This should further support the Involvement theory where the customers have the opportunity to witness the production of a Volvo CE Wheel Loader.

The resellers all agree that the Demo Centre is the most important stop during the trip to Sweden and is seen as the centre of attention for the customers. The analysis will later on go more into depth about the relative importance of the Demo Centre over the other factors in this proposition (see 6.1.3).

"..The Demo Centre is one of the nicest places to show the machines to customers, first of all, all the machines are present. Second of all, the whole atmosphere is just "Volvo". There is Volvo in the air, and that is what is so impressive for the customer... if you enter there without me, explaining to the customer that Volvo is the best brand, they leave an enormous injection of blue blood, Volvo blood. From that point of view, I think the Demo centre is one of the nicest places to visit with customers..."

(Manager, Volvo CE reseller, case 1)

The Demo Centre is the Consumer Experience Event where the customers' gets to experience the machines first hand during a relatively long time. They can communicate, with Volvo CE, their own feelings and questions about the machines and exchange experiences with the experienced Volvo CE Demo Centre drivers. Mitchell and Orvig (2002, p. 33) argues that the

company should address the customers needs at three different levels. These three different levels could be satisfied at the Demo Centre in the following way.

The first need is of functional nature and should address solving the customers' problems. Volvo CE can give the customers an idea of how their problems can be solved with the different construction equipments that are being demonstrated before them and then later on they get to try for themselves if the machine can solve their problem.

The second need is symbolic and should provide satisfaction of physical desires. The desires could be different for different customers but the main satisfaction is just to sit in the machines they are interested in and are able to try it out and get an assurance of the quality. One example of satisfying both the second and the third need is:

“They want to try out new machines and not machines that they have been driving for 20 years. It is good when they can try out new machines...”

(Managers, Volvo CE reseller, case 1 & 2)

As stated above, this example lead into the third need; experiential nature. Where the company should provide the customer with sensory pleasure, variety and cognitive stimulation. By fulfilling the customers need at all three levels the customers could increase their bond towards Volvo CE.

The resellers feel that the Munktell museum is of pivotal importance for a successful visit to Sweden.

“..The fact that you have the Munktell museum is fantastic and spectacular for the customers. It is perfect, I love it...”

(Manager, Volvo CE reseller, case 1)

Mitchell and Orvig (2002, p. 36) argues that visiting company museums are important and could help build customer loyalty. The resellers feel that the museum displays Volvos CE's legacy in a unique way and that the customers can see that Volvo CE is a company that have been around for a long time and also is a very innovative company.

“A nation's brand image is its most valuable asset: it is national identity made robust, tangible, communicable, and - at its best - useful.”

(Anholt 2005)

Taken Anholts argument in account, Volvo could receive added value by being a Swedish brand, seeing as Sweden is an esteemed nation. The Sweden brand and Volvo brand share many common values and have a cohering brand image which could also be advantageous for Volvo CE. Showing other benefits of Sweden such as the beautiful landscape and meeting the people therefore helps communicating the Volvo brand.

Sweden also rates high in “Science and technology” which shows that Swedish engineering is sought upon from other nations.

This leads us up to our first proposition where the Demo Centre, the Munktell Museum and Sweden are all important factors that the reseller can use in order to connect with the customers and indirectly increase sales.

Proposition 1: The Demo Centre, the Munktell Museum, the Volvo CE Factories and Sweden are factors for creating value that benefit the sales process.

5.2 Proposition 2 – The Intangibles

In this proposition we look at some of the intangible factors and how they may influence the customers.

5.2.1 Experiences, Dreams and Having Fun

A typical visit to the Customer Centre consists of an introductory presentation in the presentation hall followed by a demo show on the demo grounds and directly afterwards the customers are invited to try out the machines. In the introductory presentation Volvo CE sometimes use elements of entertainment such as promotional films or even in on of our cases a light show with dancers and loud music.

“..Suddenly the lights where shut off, loud music started playing and artificial smoke surrounded the crowd. At the back of the assembly hall two dancers appeared in futuristic outfits. A laser show started and an intense feeling surrounded the crowd and everybody where reaching for their cameras. The Volvo logo was circling around with laser light and the show finished with the curtain coming down in front of us and revealing several shiny Volvo excavators. The dancers signaled us to come forward and look at the machines...”

(Authors observation)

This light show with the dancers was a first time thing that the Demo Centre crew tried out but in our opinion the customers seemed to like it and it worked as a segway from the normal presentation to displaying the machines.

After the presentation there is normally a demonstration of the construction equipment outside on Volvo CE demonstration grounds. One of the drivers is normally taking care of the customers during both the presentation and following demo show. The driver could also be a part of the introductory presentation and then works as a commentator when the other drivers are out in the grounds demonstrating the machines.

“..In the demo show there are professional drivers who are experienced in both managing the customers and driving the machines. The show consists of different machines depending on what customers are watching and the show is very tight and looks very well put together. They focus on showing the customers the utility of the machines but there is also an element of showmanship and entertainment. In some shows the drivers tilts a big dumper to show the customers and that often creates a stir in the stands and a round of applause...”

(Authors observation)

After the demonstration show the customers are directly invited down to try out the machines freely and as Gilmore and Pine (1999, p. 30) argues that a company should seek actively engage their customers in the experience and not just adding entertainment to an existing offer, which the first observation could indicate. In this way Volvo CE is not just giving their customers a bit of entertainment they are also seeking to engage their customers and getting them excited about trying the machines. When it comes to trying the machines there is a possibility for the customers to try all the machines and they can get the opportunity to try new machines or bigger machines than they normally use or have the need for. The drivers act as instructors and are at close range to answer the customers' queries.

"..Sometimes a guy who always uses a 16 or 18 toner, dreams about sitting in a 46 toner. That is for those guys extremely interesting to have the opportunity there at the Demo Centre to operate that machine..."

(Managers, Volvo CE reseller, case 1)

This is something that adds to the experience at the demo centre when the customers take part of the show and get in some cases live out their dreams of driving a 40 ton dumper or a big excavator. In many cases these customers are executives that are inexperienced drivers or may never have used construction equipment. For these customers the experience factor is in some cases very high and they are like giddy small children who rave about the experience.

As both cases have shown the entertainment factor and having fun is very important throughout the entire trip.

"..the customer centre, the component factory and then Stockholm, having fun. It is important to have fun. If you go with a group and want to have a good atmosphere it is important to have fun, these things create atmosphere..."

(Managers, Volvo CE reseller, case 1)

The experiences the customers have and the potential joy they feel when they are driving machines or enjoying a nice dinner at the Munktell Museum with the Volvo history around them creates a positive atmosphere.

"..Sitting in the Munktell Museum and being surrounded by old Volvo construction equipment and drinking the special Munktell beer was a truly unique experience. It really showed that Volvo is Swedish and that it has been around for a long time..."

(Manager, Volvo CE reseller, case 2)

5.2.2 Memorabilia and Remembering the Good Times

In the Customer Centre there is a "Volvo Brand Shop" where the visitors are offered memorabilia such as a dumper and excavator miniatures, Volvo T-shirts, Volvo Sweaters,

Volvo beer openers and so on. A noticeable share of the visitors buys these products. Of particular interest is that there is a raise in interest for the offered products after the demonstration of the machines compared to at the beginning of the visit.

Gilmore and Pine (1999, p. 57) argues that memorabilia is a tangible artifact of the experiences the customers want to remember. Such items are often among individuals most cherished possessions, worth far more to them than the cost of the physical artifact. The Volvo CE Brand Shop therefore acts as a channel for selling physical artifacts for the customers so that they can continue to remember their trip and reminisce about the good times at Volvo CE.

“..After this trip the customers are always talking about this and they are all trying to make the trip last a little bit longer. The manager of one of the companies arranged a meeting for the group to get together and look at the photos and talk about the trip over dinner...”

(Manager, Volvo CE reseller, case 1)

In the second case study the customers where actually actively seeking to remember and to extend their trip by getting together and look at pictures from the trip. Their photographs are also tangible artifacts from their trip and will help the customers to get an active recall from their trip by looking at the pictures. In case three there was a lot of photographing taking place and all the customers who went on that trip received a CD with the pictures from the Volvo CE reseller.

5.2.3 The Volvo Philosophy and Brands

The Volvo philosophy can be felt and experienced by visiting Sweden and the Demo Centre, The Munktell museum and the different factories. The resellers (case 1 & 2) feel that it is important for the customers to get a feel for the Volvo philosophy.

“We wanted to show them the Volvo philosophy.../..Sweden is a good place to show the Volvo philosophy...”

(Manager, Volvo CE reseller, case 1)

The Volvo philosophy that the resellers talk about could be seen as an extension of the Volvo CE brand. Being in Sweden and at the Demo Centre shows the customers the Volvo CE brand trough different activities and what the brand value is all about.

“The Volvo image, and the Volvo brand, and the Volvo values are present. (at the demo centre)...”

(Manager, Volvo CE reseller, case 1)

The reseller (in case 1) is not owned by Volvo CE but feels that the Volvo CE brand name is important to communicate.

“..We are dependant on the perception of the Volvo brand. By leveraging that brand and that image as high as possible automatically we will sell more which benefits the company...”

(Manager, Volvo CE reseller, case 1)

In this case the image of the Volvo CE brand reflects upon the independent reseller but his intentions are to leverage the Volvo CE brand in order to build his own brand and as a consequence sell more equipment.

The brand image is important in order to add extra security for the customers. Kapferer (2003, p. 29) argues that the brand has different functions, one being that the brand should work as a guarantee for the customer so that the customer feel that the perceived risk is minimized when buying from the brand. Another is optimization, where the customer knows that buying from the brand, he/she is to receive the best product in the class. Kapferer (2003, p. 52) sees the brand as a living memory of the companies past and future marketing activities. Therefore it is important that the customer trips to Volvo CE Sweden are successful in order to build brand value in the customers' mindset.

The Brand Image of Volvo can be “shown” by visiting the Demo Centre, Munktell Museum and the different factories. The resellers Brand Image can be strengthened by giving the customers the experience of the trip and also showing them the Volvo Image that can be found in Sweden. Creating a positive atmosphere for the customers where they can have fun and in some cases live out their dreams is very important. All these intangible factors; the Volvo philosophy, dreams, having fun, atmosphere, experiences, Volvo CE brand image and reseller image, are factors that can be experienced by going to the Demo Centre, The Munktell Museum, Volvo factories and Sweden. As such they are values that help the sales process. This leads us to our second proposition.

Proposition 2: The Volvo Philosophy, Dreams, Having fun, Atmosphere, Experiences, Volvo CE Brand Image and Reseller Image are the values that can be experienced by going to Sweden, The Demo Centre, The Munktell museum, The Volvo Factories and as such they support the sales process.

5.3 Proposition 3 – Trust and Relationships

Trust is an important factor in building a relationship and Morgan and Hunt (1994) argues that the presence of trust and commitment are central for successful relationship marketing. They also argue that both trust and commitment needs to be present in a relationship in order for it to be a successful and productive relationship. Madhok (1995) argues that a trustful relationship does not just happen it evolves gradually over time trough repeated successful interactions. A visit to Sweden and the Demo Centre could be one of these successful interactions. And as Cheverton (2000, p. 119) argues that trust could be the key factor that determines if there will be a deal or not and even though trust is hard to measure and quantify it should not be considered as a less important factor because of that. The resellers, in both cases, argue that the customers need to trust them in order to have a relationship and sell construction equipment.

“..And in the end it is trust in the sales guy and the company is needed when handling such big investments. It tells them that we will not let them down if there

is a breakdown, when service is needed or when parts are required. So it has to do with trust, in the company, in the factory and in the product...”

(Manager, Volvo CE reseller, case 1)

Both parties in the relationship must perceive the relationship as important and believe that the other part is putting in the maximum effort in order to maintain the relationship (Morgan & Hunt 1994). As the respondents all say is that large deals require trust in the reseller and the sales representative. Bhattachayra et al. (1998) argues that trust can only exist where there is uncertainty and that seems to correlate well with the notion the customers have that there is some kind of uncertainty in buying construction equipment and they need further reassurance from the reseller. They seek trusting relationships in order to minimize their perceived risk. In order for the customers to trust the resellers and Volvo CE they need to believe that the other party is not behaving in a self interested manner (Madhok 1995). The trust the customers can have towards Volvo CE also reflects their belief that Volvo CE will act in a certain way towards them. It is important for Volvo CE that their customers can trust them in order to build relationships and sell machines to them. On the other hand the trust gives Volvo CE a responsibility to act in a way that is in line with their customers' expectations and in a non-selfish manner in order to maintain the trust in their relationship.

The trust factor has according to Madhok (1995) two parts one is social and one is structural and both are of importance in maintaining a good relationship. In Volvo CE's case taking a trip to Sweden involves a lot of social activities that could help benefiting the social construct of the relationship. These social activities should contribute towards the relationship and as such building a trustful relationship between the reseller and the customer.

The relationship needs to have both trust and commitment in order to be a prosperous and mutually beneficial for both parties according to Morgan and Hunt (1994). The tangible and intangible factors described in previous propositions could (and should) aim at building a trustful relationship.

The benefits a customer could receive from being in a trustful relationship could be increased productivity, customer satisfaction and product performance. The selling party could benefit from the relationship with a more loyal and satisfied customer (ibid.). For Volvo CE and its customer this could be seen as a win-win situation where both parties have something to gain from building a relationship.

5.3.1 Relationship Marketing and Value in Volvo CE

Respondents are unanimous in the claim that the trips to the Demo Centre are in part a relationship-building activity; hence Volvo CE resellers have accepted the notion of relationship marketing as an important market strategy. As Morgan and Hunt (1994) suggest the goal of relationship selling is to earn the position of preferred supplier.

When visitors are invited to a trip, they are in the process of weighing pros and cons, or as Grönroos and Ravalid (1996) dub it, the aggregated episode benefits versus aggregated episode sacrifice for any given reseller. Given Grönroos and Ravalids (1996) contribution of relations being an influence on the total episode value, the ability to create and maintain relations with visiting customers is a measurement of whether it was a successful visit or not, in regard to sales.

The visits are also an opportunity to gain

$$\frac{\text{Episode benefits} \uparrow}{\text{Episode sacrifice}} + \frac{\text{relationship benefits} \uparrow}{\text{relationship sacrifice}} = \text{Total episode value} \uparrow$$

The relationship building factors decreases the customers' perceived sacrifice, thereby increasing the total episode value, making the customer less sensitive to a factor such as price (ibid.).

Instead of balancing the formula by adding relationship benefits, Volvo CE seeks to offer a higher episodic benefit in form of solid products and high relational value in form of customer centre visits, thereby increasing the total episode value (see figure 4). The visits also work as a relationship-maintainer, enhancing and prolonging existing relationships.

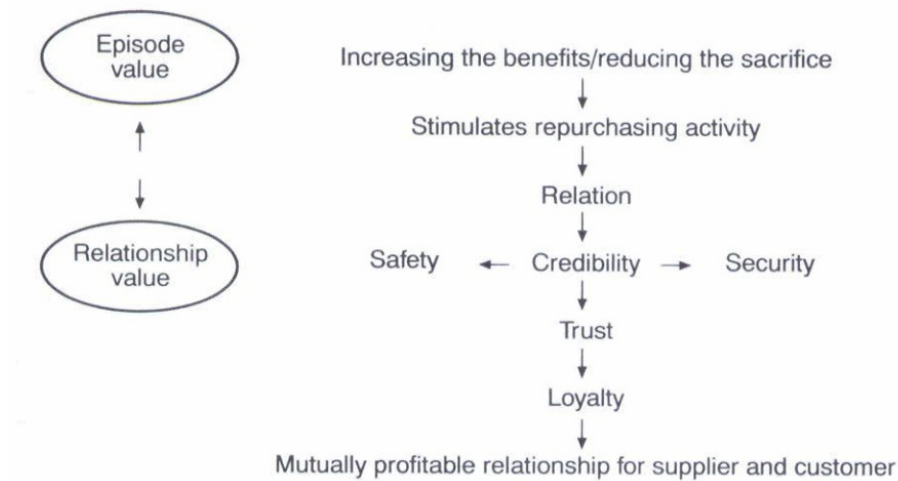


Figure 5 - Episode Value (ibid.)

In Figure 5 the creation of relationship is the link between episode value and relational value, where the relation engenders safety, credibility and security, leading to trust and loyalty (Figure 5).

To summarize, the trip to Sweden with Volvo CE enables the creation of customer relations resulting in customer retention, leading to the possibility of increased sales and long-term profits.

Proposition 3: *A feeling of trust (safety, credibility) for the reseller and Volvo CE can be achieved with the values in proposition one and two and thus creating or strengthening the relationship with the reseller and/or Volvo CE.*

5.4 Proposition 4 – Price Sensitivity and Reciprocity

In our research we have found some empirical support that the trips could decrease the customers price sensitivity.

“..They strengthen the belief in the Volvo quality so that makes them a little less price sensitive, and they strengthen the relationship with us as a company and the

sales guy as a person, which makes them communicate more. If something goes wrong they inform us which gives us more opportunity to react...

(Managers, Volvo CE reseller, case 1)

There are mainly three factors that a credible brand can do for the customer in order to reduce their price sensitivity. First of all, a credible brand may decrease the customers' perceived risk and in Volvo CE's case it is a big investment for the customer to buy construction equipment that has many sources of uncertainty. Having a strong and credible brand reduces the customers' price sensitivity (Erdhem et al. 2002).

Secondly a credible brand decreases the search cost for the customer and thus decreasing the price sensitivity. The third factor is that a credible brand may enhance the customers' perception of the perceived quality they can expect from the brand and accordingly they may become less price sensitive (ibid.).

By going to Sweden the customers get to see and experience Volvo CE first hand both the equipment at the Demo Centre and or factories and enhance their relationship with Volvo CE. This builds credibility in the Volvo CE brand name and the higher the credibility they perceive that Volvo CE has the less price sensitive they will become (ibid.).

A second important factor is reciprocity and how the customers who receive the "gift" of going on a trip to Sweden might be inclined to reciprocate Volvo CE in some way.

"..the customer will not buy if he is not really interested in buying our product. Off course if you have comparable products, then he will of course think of us first, if we have done something special, whereas the other supplier hasn't done anything special.."

(Managers, Volvo CE reseller, case 1)

The norm of reciprocity varies depending on the initial input and that might be the critical factor here, treating the customers to a nice trip to Sweden may not be equivalent to a major purchase from the customer, in terms of money. The reciprocal exchange is in the form of heteromorphic reciprocity since the initial gift (the trip) is not reciprocated by an identical gift from the customers. However in heteromorphic reciprocity the exchanged items should be of equal value (Gouldner 1960). The customers may however still feel that he/she is in debt to Volvo CE since he/she has received a gift, and if he/she perceives the value of that gift to be high the customer will be more willing to reciprocate Volvo for their act.

Madhok (1995) argues that *"the reciprocal obligations encourage flexibility in the relationship but in the long term an approximate balance is required."* This could mean that the customers will seek to reciprocate Volvo in order to keep their relationship in balance. The balance of the relationship could also be shown in form of a decrease in price sensitivity in order to balance out or reciprocate the reseller.

Whether or not the customers will purchase items from Volvo out of the need to balance the relationship is very hard to determine but there is still a possibility, and therefore we posit our fourth proposition.

Proposition 4: The customer may feel the need to reciprocate the reseller for his act of giving them the trip (experience). This could also lead to the customer being less price sensitive by having a trusting relationship with the reseller.

5.5 Proposition 5 – Sales

By doing all of these activities and hopefully building trust and creating/strengthening a relationship with the customer they will be more likely to buy from Volvo CE than before. According to our respondents it is hard to say how much of the sales can be explained through these propositions but their best estimates is around 20 - 50 percent and in some cases more, some less. Mid-size customers may feel more uncertainty and the need for a trustful relationship than larger industrial buyers. They are therefore more likely to be affected positively by a trip. This could however not be seen as a general rule, at least not according to the empirical findings, but should rather be seen as a general rule of thumb. In the findings there are numerous examples of large organizations that have directly stated that they were so impressed by how well they were treated by Volvo CE that they initiated a purchase on basis of a trip to Sweden.

Proposition 5: The outcome of the previous propositions can affect the potential purchase behavior of customers that have taken part on such trips.

5.6 Summary of the Propositions

Table 3 shows from what theories the different propositions find their support. The propositions work in a sequential order where proposition one is required in order for proposition two to function and so on.

Proposition 1: The Demo Centre, the Munktell Museum, the Volvo Factories and Sweden are factors for creating values that benefit the sales process.

Proposition 2: The Volvo Philosophy, Dreams, Having fun, Atmosphere, Experiences, Volvo CE Brand Image and Reseller Image are the values that can be experienced by going to Sweden, The Demo Centre, The Munktell museum, The Volvo Factories and as such they support the sales process.

Proposition 3: A feeling of trust (safety, credibility) for the reseller and Volvo CE can be achieved with the values in proposition one and two and thus creating or strengthening the relationship with the reseller and/or Volvo CE.

Proposition 4: The customer may feel the need to reciprocate the reseller for his act of giving them the trip (experience). This could also lead to the customer being less price sensitive by having a trusting relationship with the reseller.

Proposition 5: The outcome of the previous propositions can affect the potential purchase behavior of customers that have taken part on such trips.

The theories are the following:

1. Relationship Marketing
2. The Value Concept and Relationship Marketing
3. The Commitment-trust Theory
4. Trust

5. Reciprocation
6. Experience Economy
7. Consumer Experience Tourism
8. Involvement Theory
9. Nation Branding
10. Brand Credibility and Consumer Price Sensitivity
11. The Brands Functions

	P1	P2	P3	P4	P5
Theory 1		X	X		X
Theory 2		X	X		X
Theory 3		X	X	X	X
Theory 4		X	X	X	X
Theory 5			X	X	X
Theory 6		X			X
Theory 7	X	X	X		X
Theory 8	X	X	X		X
Theory 9	X	X	X		X
Theory10			X	X	X
Theory11	X	X	X		X

Table 3 - Theoretical Support for propositions (By authors)

6 The Perceived Value in Numbers

“Having summarized our findings from the interviews, our observations and our propositions, we have here validated our findings. We created a form (Appendix 2: Validation of Propositions) and had eight of our interviewed respondents fill it in. The form does not follow formal quantitative method and should not be recognized as figures to generalize from, but an extension of our qualitative data. The aim is to confirm our propositions and give an indication of the ranking of importance of our proposed factors. What follows is the summary and analysis of our findings from this form, where the respondents’ answers have been averaged.

The results show that the visits to the Demo Centre and connected activities such as the Munktell museum and component factory, rank high in impact on sales, have impact on the creating trusting relations. The positive effects of these factors outweigh the cost, showing that the resellers’ highly appreciate the effects of a customer trip to Sweden. The resellers acknowledge the trips as financially beneficial in regard to the cost of the trip compared to the consequential increase in sales the trips bring about.”

6.1.1 Q1 – Validating the Propositions

In the first part of the form the respondent is asked to label each of the propositions with a “true” or “false” (10.2 Appendix 2: Validation of Propositions).

The respondents have unanimously approved all of the propositions, confirming the validity of the propositions. The Only proposition that shows weaker support is the one regarding price sensitivity and reciprocity. It is fully supported but the effects are by some respondents not believed to be as high as the others.

6.1.2 Q2-Q4 – Correlation Matrixes

The diagrams in these questions are constructed so that the respondent has to take a stand on two individual parameters as well as the correlation between these parameters by plotting factors into the diagram.

To exemplify, if the respondent chooses position “X” in question two as exemplified in Figure 6, the respondent is saying three things. First the cost is seemingly high, second the impact on sales is seemingly low. Beyond this, the respondent is saying that the cost is greater then the impact on sales, giving a negative result.

Question 2

Correlation between **COST** of customer trips and their impact on **SALES**

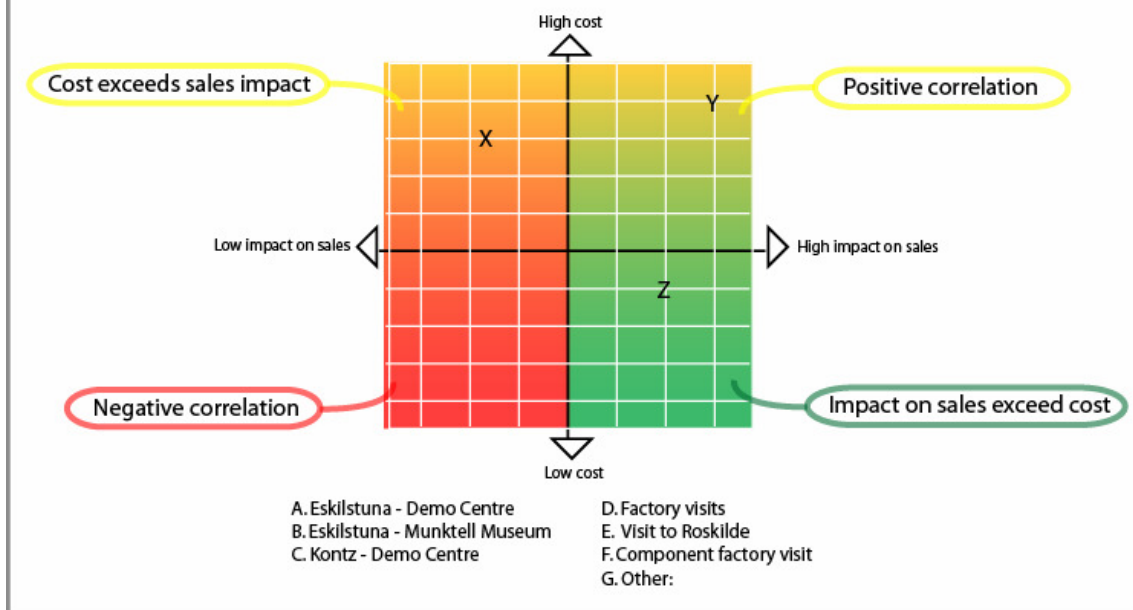


Figure 6 Example analysis of correlation matrix (By authors)

If the respondent were to choose position “Y” he/she perceives the price as high, but also that the impact on sales is high. The distances are equal, giving an equally high result with positive correlation.

The position “Z” implies a low cost and seemingly high impact on sales, giving a profitable result. In other words, the bottom right of diagram is the most desirable position for this specific question.

6.1.2.1 Result Q2 – Sales Impact Higher Than the Cost

Question 2 - Result

Correlation between **COST** of customer trips and their impact on **SALES**

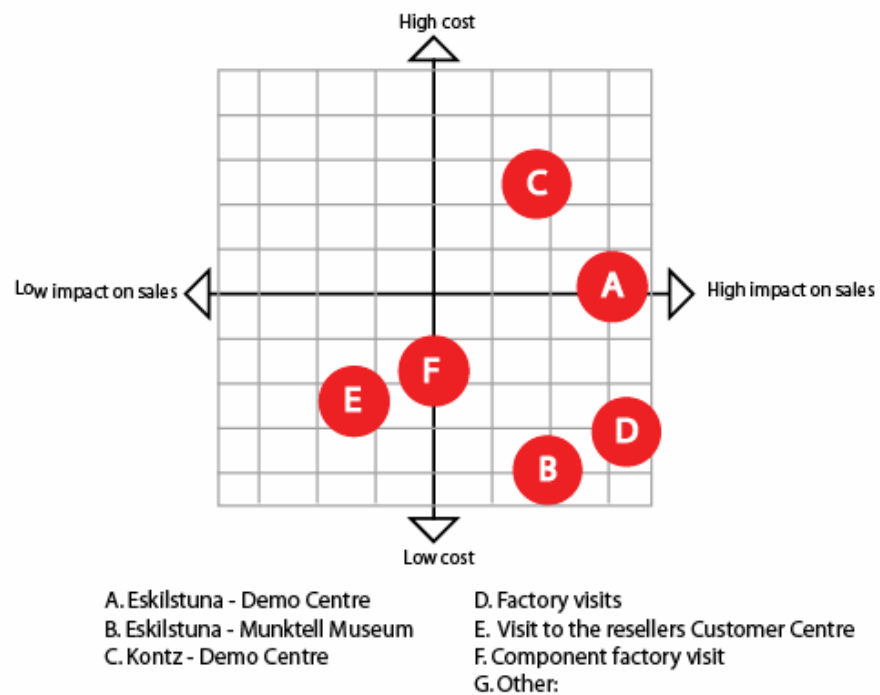


Figure 7 Result of correlation between price and sales (By authors)

The propositions result in increased sales as a result of altered consumer behavior, but there is also a cost involved for the consumer in treating their customer to trips to Sweden. A requisite for success out of a monetary perspective is that the output is greater than the input. Therefore Proposition five has been correlated with the cost of the trip.

In general the factors connected to the Eskilstuna Demo Centre are positioned in the bottom right, showing positive correlation, as well as higher outcome than input. The only factor bordering to negative correlation is the Component factory. This may be due to it living in the shadows of an actual construction equipment vehicle plant which all respondents feel would be desirable in conjunction with the Demo Centre. The trip to a plant somewhere else in Sweden is as mentioned attractive, but perceived as making the trip more complicated. The factory visits strike very high on the impact of sales and is concurrently considered as low in cost. The lack of an adjacent factory is clearly accentuated. Volvo's current geographical state leaves them with a "catch 22", where if you move the Customer Centre you lose the Munktell Museum but gain the opportunity to simplify visits to actual production plants with a production line.

Kontz, Germany, is considered higher in price, possibly due to the lack of a full range and additional activities such as the Munktell Museum, giving less value for money spent.

The resellers own Customer Centers is considered low in cost but offers the lowest impact on sales. This confirms that there is something more offered when bringing customers to the Swedish Demo Centre, which may be answered by the next question (see 6.1.2.2).

Activities where the customers are involved rank higher than other activities. This could be seen from a CET perspective where the higher involvement could lead to an increased brand loyalty (Mitchell & Orvig 2002). The higher involvement could also lead to an increased cognitive involvement where the customers get more interested in learning about Volvo CE and the products.

6.1.2.2 Result Q3 – Common Experiences Leads to Trust

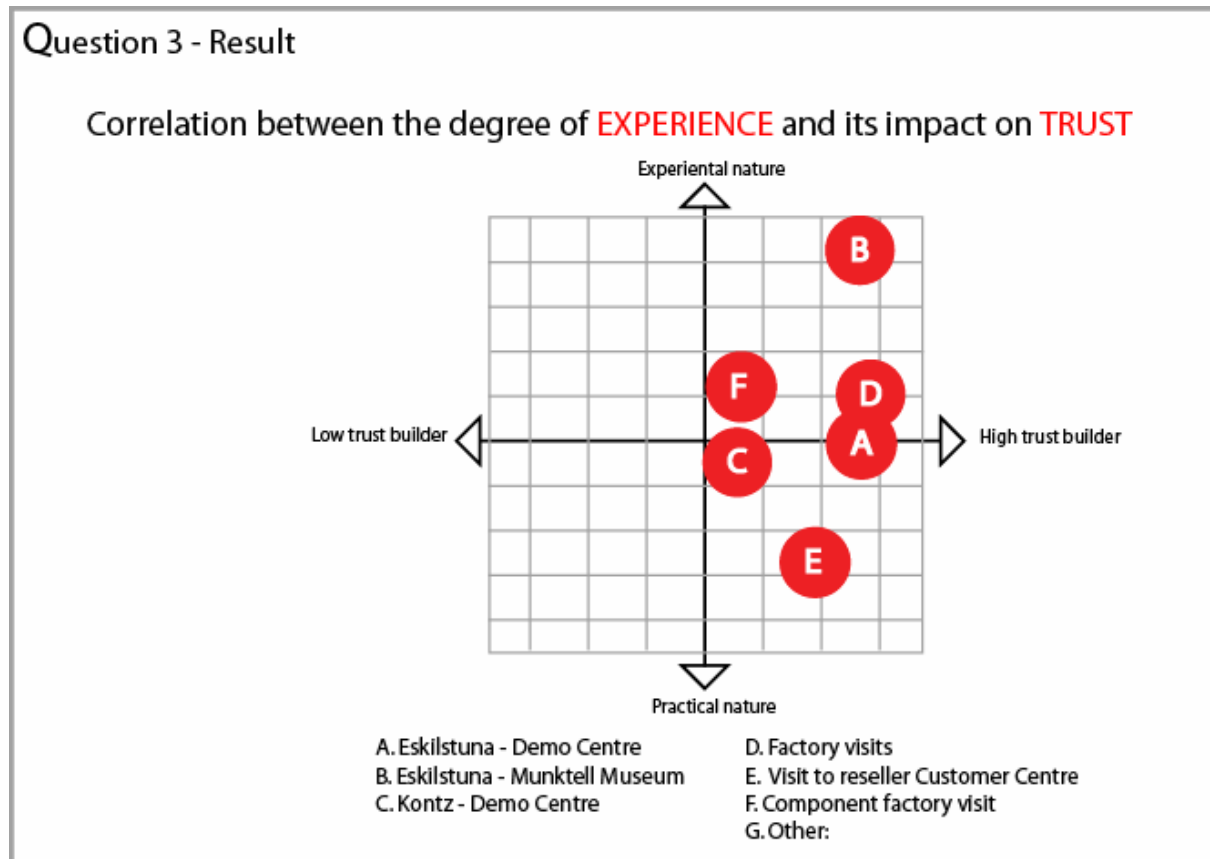


Figure 8 Result of correlation between experience and impact on trust (By authors)

The theoretical foundation, together with the empirical data, points to trust as a substantial sales factor, and experience as a form of trust builder. So what activities induce these values best? Question three aims to answer this by placing Proposition four concerning experience against Proposition three concerning trust.

The Munktell Museum rates high in both trust-building as well as degree of experience, making it the premiere activity for building trust and relations. As it is the highest ranking activity of all, it seems that a move of the Demo Centre would convey losing its main attraction concerning the parameters used in this table. It would seem that the value of the artifacts and the history on display in the museum, in combination with a nice meal and pleasant beverages, is extremely appreciated by the resellers, as well as the customers. Seeing what activities that are believed to build trust are important, as stated earlier, in the propositions in so many different ways. Trust is an essential part in a relationship (Egan 2004), (Morgan & Hunt 1994), (Madhok 1995) and (Erdem et al. 2002) and finding activities that helps build trust is crucial in order to sell machines to the customers and become the preferred supplier.

A visit to Kontz, which was included as a sort of reference point, doesn't enlighten the material in any particular way here, not being meticulously experiential nor trust building.

Inviting customers to the resellers own Customer Centre (B in Figure 8) is considered far more practical in nature than other activities but still earns quite allot of points in trust building. In reference to Question 2 (Figure 7) these visits are far more affordable than a trip to Sweden and can therefore be done on more of a regular basis. The higher rate of reoccurrence would then strengthen the relation, explaining the relatively high rating in trust building (Madhok 1995).

In general the correlation between experience and trust is high, namely that those high in experience are also high in trust-building, confirming our propositions.

6.1.2.3 Result Q4 – Demo Centre Has High Impact on Sales

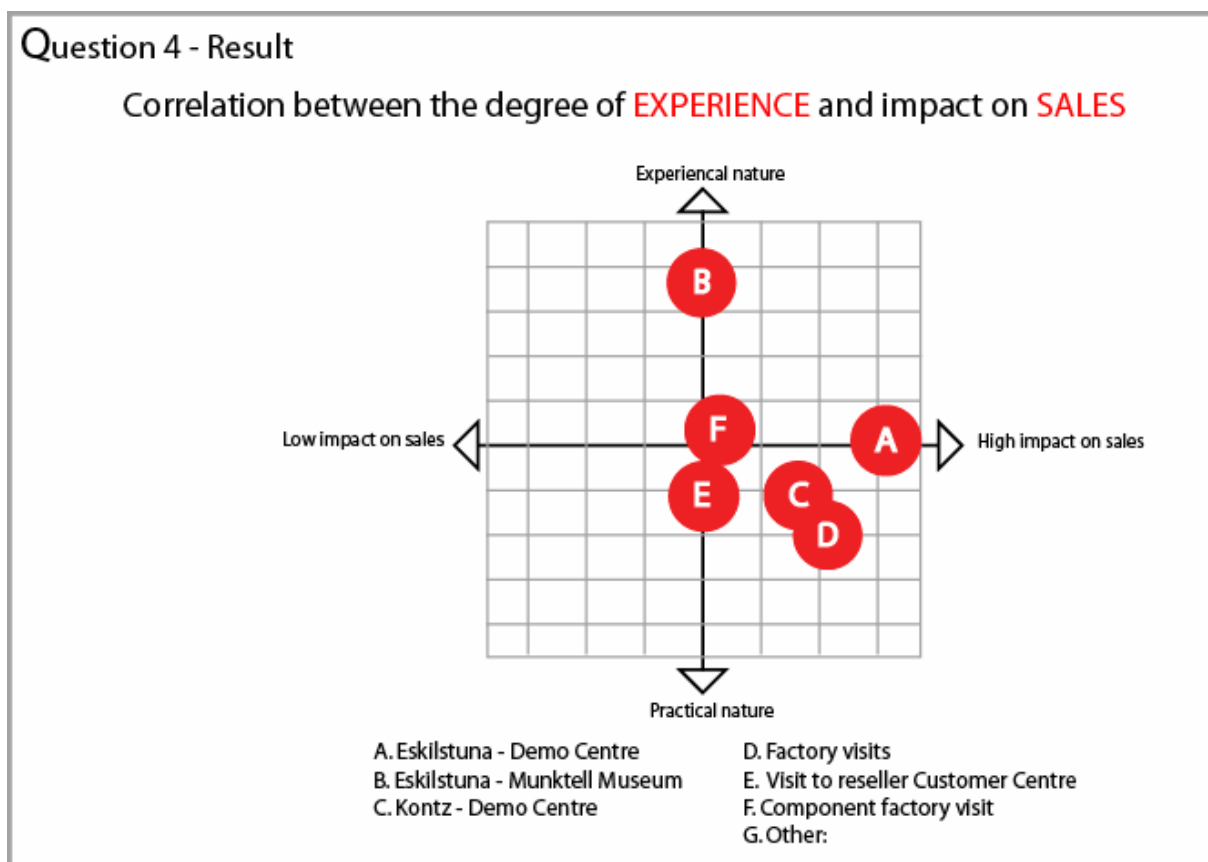


Figure 9 Result of correlation between experience and sales impact (By authors)

Proposition four indicates that the experiences the reseller and customer share lead to feelings of reciprocity, resulting in less price sensitive customers and increase in sales, the latter being proposition five. This question aims to see to what extent the factors are related.

The Munktell Museum ranks high in experience (B in Figure 9), though it does not rank very high in impact on sales. This is most likely because the respondents' interpretation was that this was just a visit to the museum and not a nightly activity with dining and socialization. This figure also showed the widest spread in answers from the respondents where some looked upon the factors from a pragmatic or practical perspective and others looked at from a wider perspective. The least variance was shown in regards to the impact on sales on the

Demo Centre, factory visits, Kontz, visit to resellers customer centre and the component factory so the only conclusion that may be drawn from this is the impact on sales on these factors but not the degree of experience the represent.

The Demo Centre (see A) is considered to have very high impact on sales. The respondents have all in the interviews stated that the offering that the Demo Centre is invaluable, and when asked “If the Demo Centre would cease to exist, how would you compensate?”. No respondent had a direct answer, and said that they could to some extent offer the demonstration of products on their own, but that could never compensate. The fact that it is irreplaceable confirms the notion that the Demo Centre contributes with more than just its practical nature.

Summarizing the aggregated results of question two, three and four, the sum of the activities associated with visits to the Customer Centre are greatly appreciated by the resellers, has high impact on sales, relations and trust building, and can thereby be considered as irreplaceable and financially viable.

6.1.3 Q5-Q7 Ranking the Importance of Factors

In these three questions we have used a constant sum scaling method (Malhorta & Birks 2005, p. 301). The respondent is given 100 points and asked to distribute these in proportion to the importance of the factors in the process. The respondent is free to distribute the points as he/she pleases, as long as the total amount of points adds up to 100 points. If one of the factors is twice as important as another it will receive twice as many points.

To exemplify, in the first question extracted in Figure 10, the respondent is asked to distribute 100 points illustrating “their AIM with their trips to the Customer Centre in Sweden”. The purpose is to make the respondent take a stand as to what, and how much, factors influence a certain phenomenon. The technique enables a ranking of factors.

Question 5

Distribute 100 points between the following factors that best describe what you **AIM** with customer trips to Sweden are:

Increase in trust	15	p
Increase in sales	45	p
Build customer relations	5	p
Access to the full demo range		p
Other: <i>Show good-will to customer</i>	35	p
Other: _____		p
	=100 points	

Figure 10 Example analysis of point distribution table (By authors)

6.1.3.1 Result Q5 – Why Resellers Take Customers to Sweden

Question 5 - Result

Which factors best describe your **AIM** with customer trips to Sweden?

4	Increase in trust	21 p
2	Increase in sales	24 p
1	Build customer relations	31 p
2	Access to the full demo range	24 p

Figure 11 Result of aim with customer trips to Sweden (By authors)

It appears that the main aim with customer trips to Sweden is to build customer relations, although sales, increase in trust and access to the full demo range are also important factors. As seen in the main analysis from both a theoretical and empirical standpoint the relationship between the customers and the resellers is of key importance and a requisite to sell machines. It is displayed here that the main aim for the resellers is to build relationships, and not to sell machines since that can not be done without the relationship in most cases. If the trust factors is added to the relationship parameter which is an easy step, (Egan 2004), (Morgan & Hunt 1994), (Madhok 1995) and (Erdem et al. 2002), then over 50 percent of the aim of going on these trips are to build a trusting relationship with the customers. None of the respondents added any other factors to this question and they were unanimous in their description of the aim.

6.1.3.2 Result Q6 – Activities That Create Value in Sweden

Question 6 - Result

Which activities help **FULFIL** these aims best?

4	Munktell Museum	15 p
1	Demo Centre	38 p
3	VCE factories	22 p
2	Competent resellers/Volvo representatives	25 p

Figure 12 Result of fulfilling aims with customer trips to Sweden (By authors)

The most distinguishing result from the table above is that creating trust, increasing sales and building customer relations is *best* done by visits to the Demo Centre. This means that the Demo Centre is a vital factor in achieving the aims of a customer trip to Sweden.

The Munktell Museum scores surprisingly low in this category. There is no clear reason for the low score, but a suggestion could be that as in 5.7.2.3, the resellers fail to see the implicit effects the events taking place at the Museum has.

Having competent resellers and Volvo CE representatives also score quite high. Respondents explained the role of Volvo CE representatives by saying that when the visit is taking place, the representatives' role is minimal in some cases, but they help build credibility and confirm that Volvo CE cares about their customers. They can also be invaluable if something would go wrong, they would be able to fix it swiftly.

6.1.3.3 Result Q7 – Activities That Build Trust between Customer and Reseller

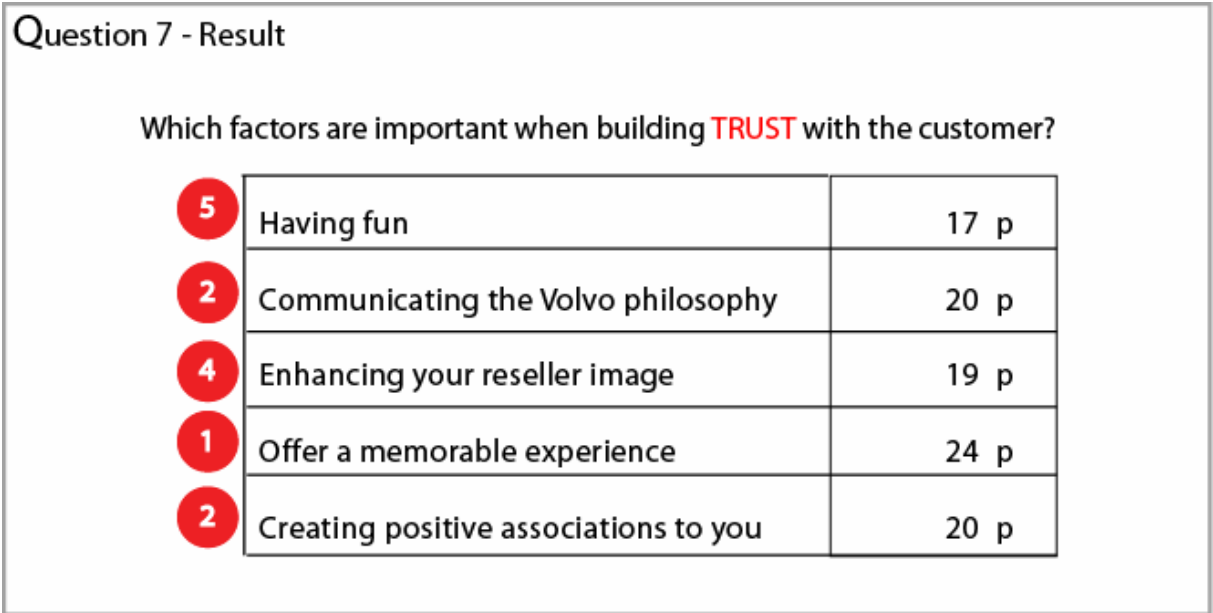


Figure 13 Important factors when building trust with customers (By authors)

The most important factor appears to be able to offer a memorable experience for the customers. Over all there is low variance between the different factors. The factor having fun scores relatively low but might be seen as very close to, or being a part of, offering a memorable experience. The main implication is that building trust needs many different parts in order for it to be successful. Trust, as discussed earlier, is of key importance in order to build a relationship with another party.

6.2 Modified Model

After applying the theory on our pre-theoretical model and our conclusions (see 3.4, 10.3 & 10.4) we found that we could develop it further since our conclusions have evolved in to propositions and been compressed. The original messages of the propositions have been kept intact but the first two have been deemed redundant and removed. The others were merged for an easier understanding on how they relate to each other sequentially.

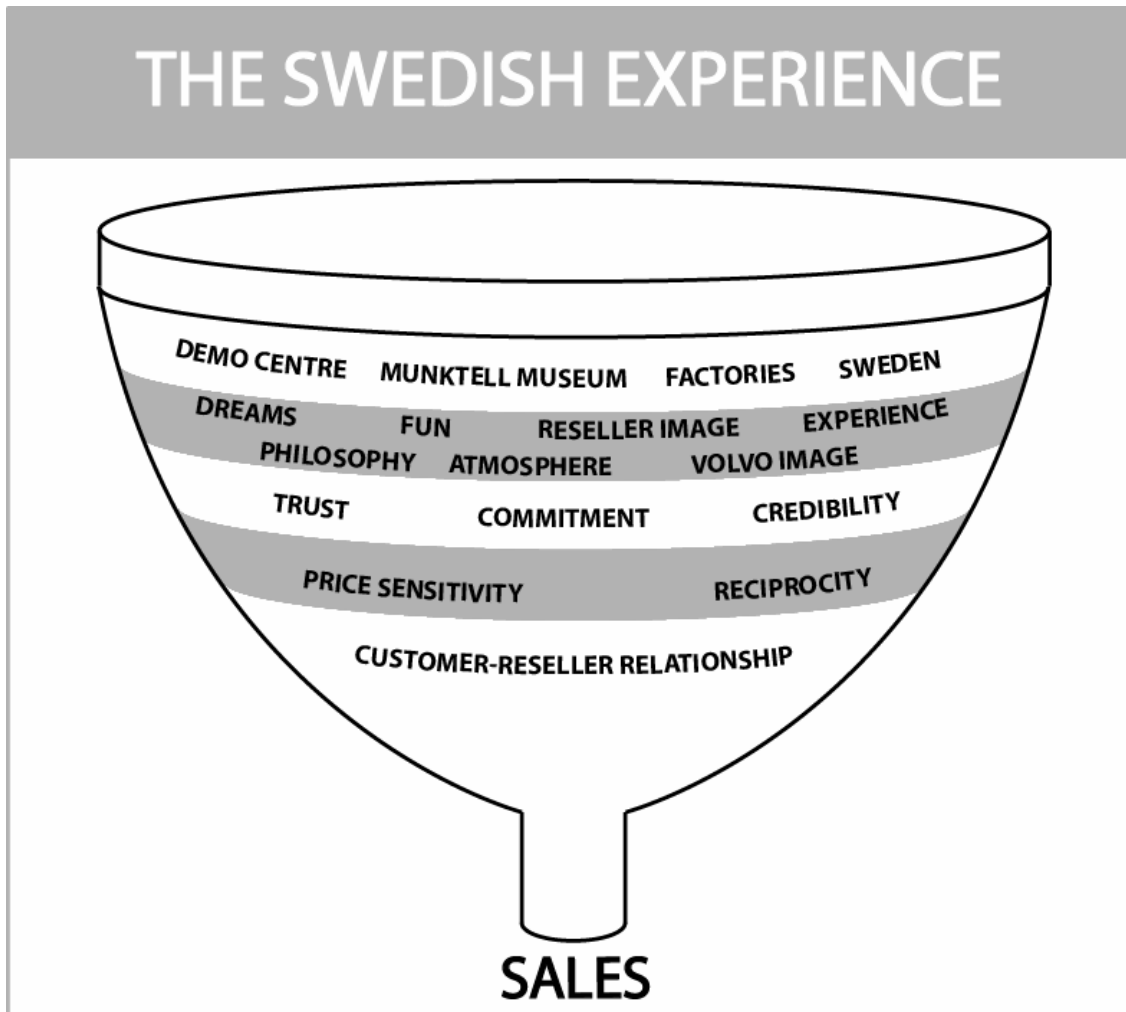


Figure 14 –The Swedish Experience (By authors)

The model aims to visualize a funnel, with the first two propositions divided into the tangibles and intangibles of a reseller trip to Sweden. They explain the tools and outcome of factors of success in Sweden. The next step portrays the desired states of mind from the customer; a feel of trust and commitment to the reseller portraying him as more credible, and the foundation for a healthy relationship is under way. These sentiments lead to the aims of lowered price sensitivity and reciprocity. The result of this cycle is an creation/strengthening of the relationship and an increase in sales as well as customer retention, leading to re-purchases. This model could, according to empirical findings, explain around 20 – 50 percent of all sales of construction equipment. Other outside factors; such as price, service, financial services etc could explain the rest of the sales. This number is an estimate from the respondents and is hard to verify since the causal relationship of a sale is hard to measure.

7 Conclusions

“This chapter answers the main research question about the resellers’ perceived value of the visit to the Demo Centre and other peripheral activities in Sweden. It does so by showing the value in five propositions. This chapter also includes critique of our results and recommendations for further research.”

The first conclusion to be made is that the perceived value of the visit to the Demo Centre must be seen in the context of the other activities in Sweden such as factory visits, Munktell Museum and the whole Swedish atmosphere. The Demo Centre is seen as the most important stop on the trip with a high impact on sale at a low cost, but it is a part of a bigger experience as our model (see 6.2) and our propositions suggests.

The five propositions have been validated fully by all respondents and by a strong theoretical support.

Proposition 1: The Demo Centre, the Munktell Museum, the Volvo Factories and Sweden are factors for creating values that benefit the sales process.

Proposition 2: The Volvo Philosophy, Dreams, Having fun, Atmosphere, Experiences, Volvo CE Brand Image and Reseller Image are the values that can be experienced by going to Sweden, The Demo Centre, The Munktell museum, The Volvo Factories and as such they support the sales process.

Proposition 3: A feeling of trust (safety, credibility) for the reseller and Volvo CE can be achieved with the values in proposition one and two and thus creating or strengthening the relationship with the reseller and/or Volvo CE.

Proposition 4: The customer may feel the need to reciprocate the reseller for his act of giving them the trip (experience). This could also lead to the customer being less price sensitive by having a trusting relationship with the reseller.

Proposition 5: The outcome of the previous propositions can affect the potential purchase behavior of customers that have taken part on such trips.

The propositions show the perceived value and what roles the different parts and factors plays in order to make a complete experience for the resellers and their customers. In the end the propositions show an increase in sales. The propositions show that in order for the resellers to sell machines to their customers there needs to be in a relationship based on trust and commitment from both parties. The customer visits to Sweden helps build trust and commitment if they spend time together and let the customers feel Volvo CE and Sweden. The resellers’ main objectives when going on a trip to Sweden is to build trusting relationship (6.1.3.1). It is however important to note that, as Madhok (1995) argues, a trustful relationship does not just happen, it is something that evolves gradually over time through repeated successful interactions. Volvo CE must accordingly seek to have a relationship with many other touch points than just a visit to the Demo Centre. However, if the reseller takes a group of customers to Sweden and spends a couple of days with them, it makes concentrated relationship building achievable. It gives both the resellers and the customers a possibility to

expand the social aspect of the relationship, which many times is the glue that holds the relationship together.

The perceived value of the Demo Centre and other peripheral activities in Sweden as seen in our propositions and model is in short:

- The Demo Centre is the most important part of the customer trips to Sweden (almost twice as important as the Munktell museum or the factories (see 6.1.3.2).
- The Munktell Museum and the factories (primarily the machine producing factories) produce brand credibility, gets customers cognitively involved and thus willing to learn more about Volvo CE. The museum is also seen as the highest ranking trust builder of all activities (see 6.1.2.2)
- Sweden and the Swedish values have many similarities with Volvo CE and help build trust and credibility and is a prerequisite in showing Volvo CE's history.
- All these Consumer Experience Tourism activities help create greater brand loyalty.
- At these facilities and during the trip to Sweden the customers could be able to have fun and take part of unique experiences. Some of the customers could live out their dreams by driving different construction equipment than they are used to. This gets the customer further involved and also helps create a social trust bond between the customer and the reseller/Volvo CE.
- All good experiences need to be remembered and the Volvo CE brand shop and resellers taking pictures during the trips helps the customer remember the trip for a long time and thus thinking actively about Volvo CE and the reseller.
- In order for the formation of a relationship trust and commitment needs to be present and during the trip the customers could both get to know the reseller and Volvo CE on a personal and professional level and thus becoming more trusting towards them.
- The customer's perception of the Volvo CE brand may increase and thus lowering their price sensitivity.
- The customer may feel the need to reciprocate the reseller for their generosity and this may lead to decreased price sensitivity and/or premiering Volvo CE in their future purchases.
- A creation or strengthening of a relationship can be achieved, between the customer and the reseller, during the trips and thus increasing the customers' propensity to purchase from Volvo CE.

In regards to the sales process it is important to see how much of a sale that could be explained from the propositions. From the empirical evidence we see that in some cases it could be 20 -50 percent of the purchase decisions that could be derived from the propositions and in some cases more and some less (other outside factors; such as price, service, financial services etc could explain the rest of the sales). From a theoretical standpoint it is even harder since the propositions are based on many different factors that find their support through multiple theories.

In order to see if the Demo Centre can be improved for customer satisfactions the first finding is that the resellers are very content with the exception of some minor details. Putting the Demo Centre in the bigger context with the rest of the trip, it becomes more important as it should work as a central hub for the entire trip. The Demo Centre needs to be the main attraction as well as support the other functions on the trip. For foreign visitors not familiar with what activities and sights are available on sight in Sweden the staff at the Demo Centre needs to aid the

resellers in booking and organizing the trips. They are the experts on all the factors in the propositions and in some cases act as travel guides/organizers for the trips.

7.1 Critique of results

The most obvious critique is the respondents' bias in this case since they are mostly resellers and may feel that they can't talk freely about their feelings about Volvo CE. They may also feel a great need for the Demo Centre and are unwilling to reveal criticism. We tried to minimize this, firstly by having anonymous respondents, secondly by having one case with a reseller that doesn't use the Demo Centre that much and another one that use the Demo Centre more frequently. As we stated in our method chapter we are not looking for the truth here but rather a group of people's perspectives on the subject under investigation.

We have used a multiple-case study technique in order to validate our findings but with only two main Volvo CE cases and a limited number of respondents. We feel that more respondents could help the validity of the research. With more cases we would have been able to look at differences between the different cases, a theoretical replication (Yin 1989). This research has only sought after similarities.

The propositions and the model are specific for Volvo CE and could not be directly used outside the Volvo CE sphere without modification. This is something that we feel is lacking in our results but we do feel that the cases and the underlying theories are strong and that the model and propositions could be modified to fit other organizations with similar structure and/or problem.

7.2 Recommendations for further research

We argued in our methodological approach that the subject was specific to Volvo CE and that both we as researcher and Volvo CE knew to little about the phenomena in order to use a deductive approach with quantitative research. We think that our exploration about the phenomena, that is customer trips to Sweden and the Demo Centre, has shed new light to that phenomena and that we have found both interesting empirical evidence explaining the phenomena and useful theories to explain the different factors. In our humble opinion we argue that the propositions and the model we have developed could be further tested and developed true a more deductive and quantitative approach. This study could focus on both the resellers' perception but also the customers' perceptions and thus giving a more generalized picture but also a picture with fuller understanding on how the customers perceive these trips.

8 Concluding Discussion

“In the concluding discussion we broaden the perspective and take a look at what our findings means for practitioners and for the theory used. We will also try to give the reader insight into other findings then those presented in the thesis and give our view on the whole research problem.”

Looking at what implications this makes first from the practitioner perspective and in this case Volvo CE. The results points at the importance of the factors proposed in the propositions and how they relate to each other. In our view the results means that Volvo CE is basically doing the right thing with allowing the resellers to use the Demo Centre and the other facilities in Sweden in order to build relationships with their customers and increase sales.

So the short answer to what Volvo CE should do is to continue offering these services and develop it so that it will be easier for the resellers to use these services in an effective way.

What we feel besides what has already been written is that there are many different ways the resellers could approach their customers in order to build trustful and committed relationships with their customers. However as we see it there is no substitute for taking an actual trip to Sweden and the Demo Centre, Munktell Museum and the factories. Sweden is the only place to offer the customer a complete view of why Volvo CE is the best supplier in the business. The trip helps to build brand credibility and a cognitive bond with the customers that just can't be done in any other place for the moment. The Munktell Museum supports the Demo Centre in a way that is truly unique and the whole Swedish surroundings gives the entire experience added value. This is also why we have looked at the different parts together and not just at their individual value since when adding up the different experiences in Sweden the sum is much greater than the individual parts.

In order to develop this service Volvo CE should look at what could make it easier for the reseller to carry out a trip to Sweden and especially look at the aspects of the trip we have pointed out in this thesis. Help the resellers with more information on what's available in terms of machinery at the Demo Centre but also in terms of other activities in Sweden. By acting as a travel agent for the resellers Volvo CE can make the trips more effective and avoid wasted time and unfortunate misunderstandings. A reseller who hasn't been to Sweden doesn't know what is the best way to spend the money and time on but that is what Volvo CE must know in order to fully support their resellers.

Further implications on how to evaluate the Demo Centre in our view and our respondents view is to look upon it as a sales support function and maybe the most important sales support function there is. This means that a great deal of the sales are directly or indirectly generated from the activities surrounding the Demo Centre and therefore it is of pivotal importance to keep this support function in order to give the best support to the resellers.

As we discussed in the introduction chapter about our view and Reicheld's (1996, p. 58) view that most customer satisfaction surveys measure the wrong activities there might be a way to come around this problem partially at least. Our suggestion is that if something should be measured it is how well the different activities and factors in our propositions are carried out

during a trip. This could be a good starting point in getting to know a little more about how satisfied both the resellers and the customers are in regards to these functions and activities. We believe that if a trip is successful in these points it will increase the customers' propensity to purchase from the reseller.

Looking at the theories we have used for this thesis and what our research have meant in regards to the theories. First off, we have never had any intentions of trying to verify any of the theories and haven't done any ordinary testing of the theories. Our humble opinion about what the general value of the theories is that in regards to relationships, trust and commitment, it is of key importance for the sales process when there is, as in this case, uncertainty about the product. What we have found out is more pragmatic as in what ways does a relationship evolve or develop from. That is what factors helps build trust, commitment and in the end the relationship. One keyword that we have talked a lot about is "having fun" which may sound very trivial but sometimes, as we see it, having fun is a fundamental factor in order to create a trustful and mutually committed relationship. Our intentions is not to give an answer on why its important in order to achieve the relationship, but merle to suggest it as an relationship building activity.

When it comes to theories regarding reciprocity it is to difficult to draw any conclusions from our research to whether the norm of reciprocity is valid or not. The possible exchange in our cases regards pretty hefty sums of money and could not be considered to be within the *heteromorphic* or *homeomorphic* exchange since, to the best of our knowledge, the gift the reseller gives is not of equal value as that of buying construction equipment, nor is it perceived to be. What we do believe is possible is that the reciprocation might lead to a less price sensitive customer and that Volvo CE could be reciprocated in that way, or in being a preferred supplier in contrast to other suppliers. We have also used theories about brand credibility and price sensitivity and that seems to be well in line with our findings, and that the customers just as they invest in relationship activities with their supplier, they need to feel secure about their brand; they are looking for all kinds of reassurance in order to become comfortable with their supplier. It is however hard to make a correct comparison since none of the suppliers is, to best of our knowledge, an outspoken low price actor on the market.

Consumer Experience Tourism primarily talks about b2c but we have seen many examples where the customers in our cases gets heavily involved with Volvo and wants to learn more about the product both during and after the visit. It seems as though the b2b experiences are not that different from the experiences described in the CET articles.

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10 Appendixes

10.1 Appendix 1: Interview Guide

- What made you decide to take these clients to Sweden and the demo centre in Eskilstuna?
- What effect do you think the visit had for your clients?
- What is the function of the demo centre to you?
- How do you value what clients can go on a trip?
- What is your perceived value of the visit to the demo centre? What do you gain in respect to your clients/customers?
- What impact does the visit have in regards to the sales process?
- What do you think your clients thought about the visit?
- Does the demo centre help you to build trustworthiness with your clients?
- What does the fact the Volvo comes from Sweden and that the customer centre and some of the factories are in Sweden mean for your customers?
- What problems do you see with the demo centre?
- What improvements would you like to see with the demo centre?

This is just a guideline of the questions use,d and in some cases the phrasings where different and in all cases follow up questions where asked and other subjects where discussed.

10.2 Appendix 2: Validation of Propositions

First we have a number of propositions that we have found during our research and we would like to know if you think these are true or false. If you would like to add some functions or factors please let us know.

Secondly we would like you to position different factors in a couple of diagrams. And last we have some factors that we would like you to estimate their value when you have a total score of 100 points and distribute these points according to the factors relative importance.

Proposition 1a: The Demo Centre can be seen as a sales support function for the Volvo reseller.

- Is this true or false?

Proposition 1b: Making a trip to the Demo Centre can be seen as marketing investment that is dependant on the proximity to the Demo Centre.

- Is this true or false?

Proposition 2: The Demo Centre, The Munktell Museum, Volvo Factories and Sweden are factors for creating values that benefit the sales process.

- Is this true or false?

Proposition 3: The Volvo Philosophy, Dreams, Having fun, Atmosphere, Experiences, Volvo CE Brand Image and Reseller Image are the Values that can be the factors in proposition 2.

- Is this true or false?

Proposition 4: A feeling of trust (safety, credibility) for the reseller and Volvo CE can be achieved by the values in proposition 3.

- Is this true or false?

Proposition 5: A relationship can be created/strengthened by the feeling of trust for the reseller and Volvo CE

- Is this true or false?

Proposition 6: The customer can become less price sensitive by having a trustful relationship with the reseller.

- Is this true or false?

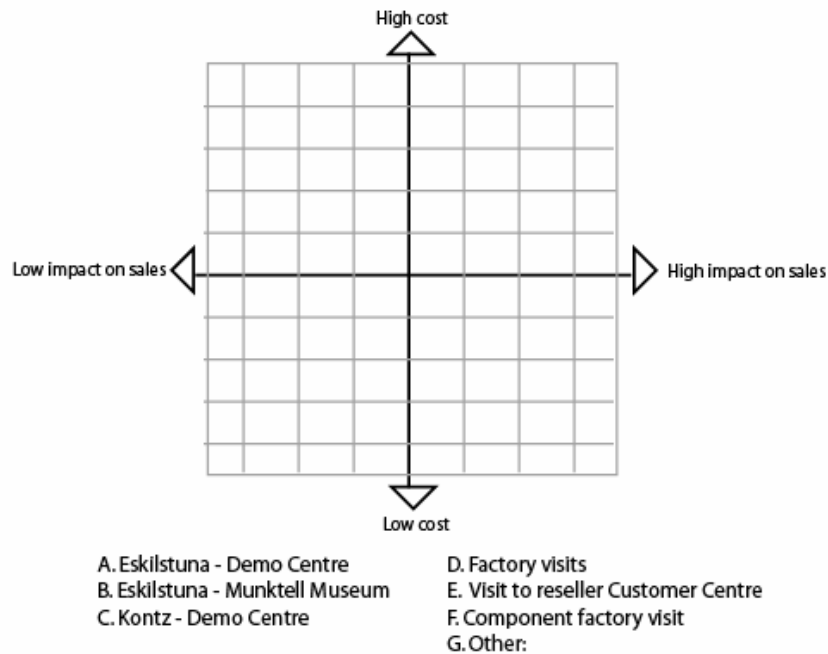
Proposition 7: The customer may feel the need to reciprocate the reseller for his act of giving him the trip (experience)

- Is this true or false?

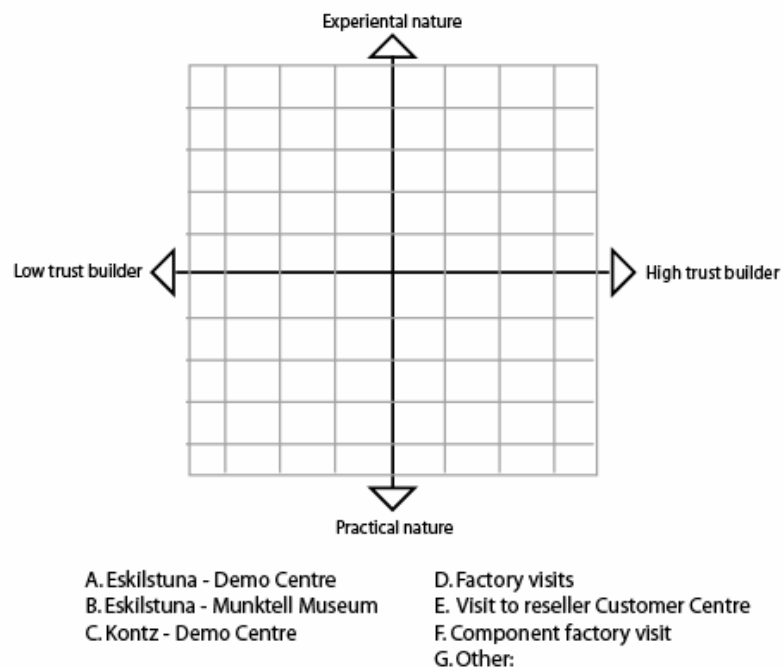
Proposition 8: The outcome of all of this can affect the potential purchase from the customer how has been on this trip.

- Is this true or false?

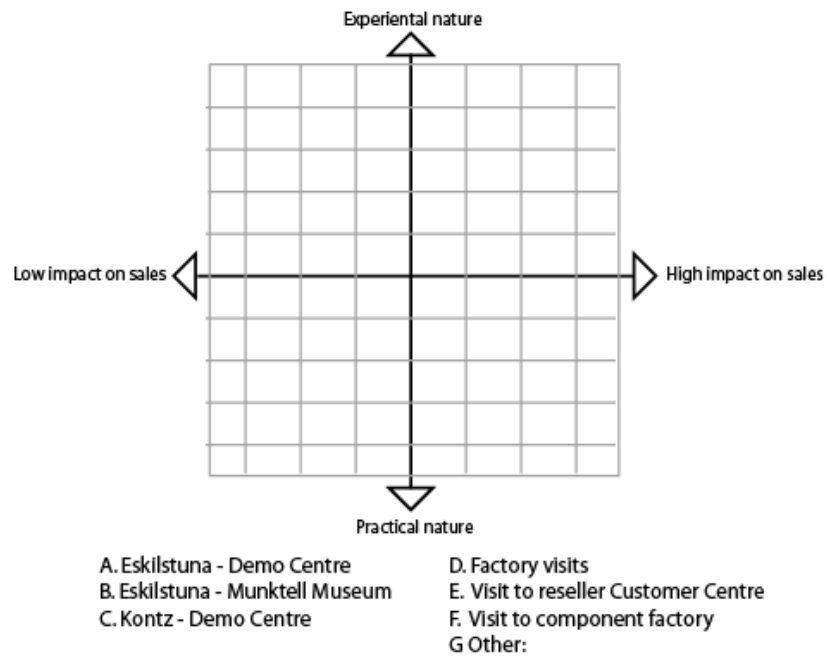
Correlation between **COST** of customer trips and their impact on **SALES**



Correlation between the degree of **EXPERIENCE** and its impact on **TRUST**



Correlation between the degree of **EXPERIENCE** and impact on **SALES**



Distribute 100 points between the following factors that best describe what you **AIM** with customer trips to Sweden are:

Increase in trust	p
Increase in sales	p
Build customer relations	p
Access to the full demo range	p
Other: _____	p
Other: _____	p
= 100 points	

Which activities help **FULFIL** these aims best?

Munktell Museum	p
Demo Centre	p
VCE factories	p
Competent resellers/Volvo representatives	p
Other: _____	p
Other: _____	p
= 100 points	

Which factors are important when building **TRUST** with the customer?

Having fun	p
Communicating the Volvo philosophy	p
Enhancing your reseller image	p
Offer a memorable experience	p
Creating positive associations to you	p
Other: _____	p
Other: _____	
= 100 points	

10.3 Appendix 3: Data Overview

All respondents have been interviewed during 2006-01-17 to 2006-04-14 and the names and places are disclosed to protect their anonymity.

The respondents from the Volvo CE resellers are all in management positions with a great deal of influence over how the trips to Sweden and other market activities should be carried out.

In the interviews with the eleven main respondents the interviews lasted between one to four hours. Most of these interviews were recorded and later transcribed or summarized.

Some of the other respondents have been interviewed in a less formalized manner, like over dinner at the Munktell museum or over telephone.

10.4 Pre-theoretical Propositions

Proposition 1a: The Demo Centre can be seen as a sales support function for the Volvo reseller.

Proposition 2: Making a trip to the Demo Centre can be seen as marketing investment that is dependant on the proximity to the Demo Centre.

Proposition 3: The Demo Centre, The Munktell Museum, The Volvo Factories and Sweden are factors for creating values that benefit the sales process.

Proposition 4: The Volvo Philosophy, Dreams, Having fun, Atmosphere, Experiences, Volvo CE Brand Image and Reseller Image are the values that can experienced by going to Sweden, The Demo Centre, The Munktell museum, The Volvo Factories and as such they support the sales process.

Proposition 5: A feeling of trust (safety, credibility) for the reseller and Volvo CE can be achieved be the values in proposition 3.

Proposition 6: A relationship can be created/strengthened by the feeling of trust for the reseller and Volvo CE

Proposition 7: The customer can become less price sensitive by having a trustful relationship with the reseller.

Proposition 8: The customer may feel the need to reciprocate the reseller for his act of giving him the trip (experience)

Proposition 9: The outcome of all of this can affect the potential purchase from the customer how has been on this trip.

10.5 Pre-theoretical Model

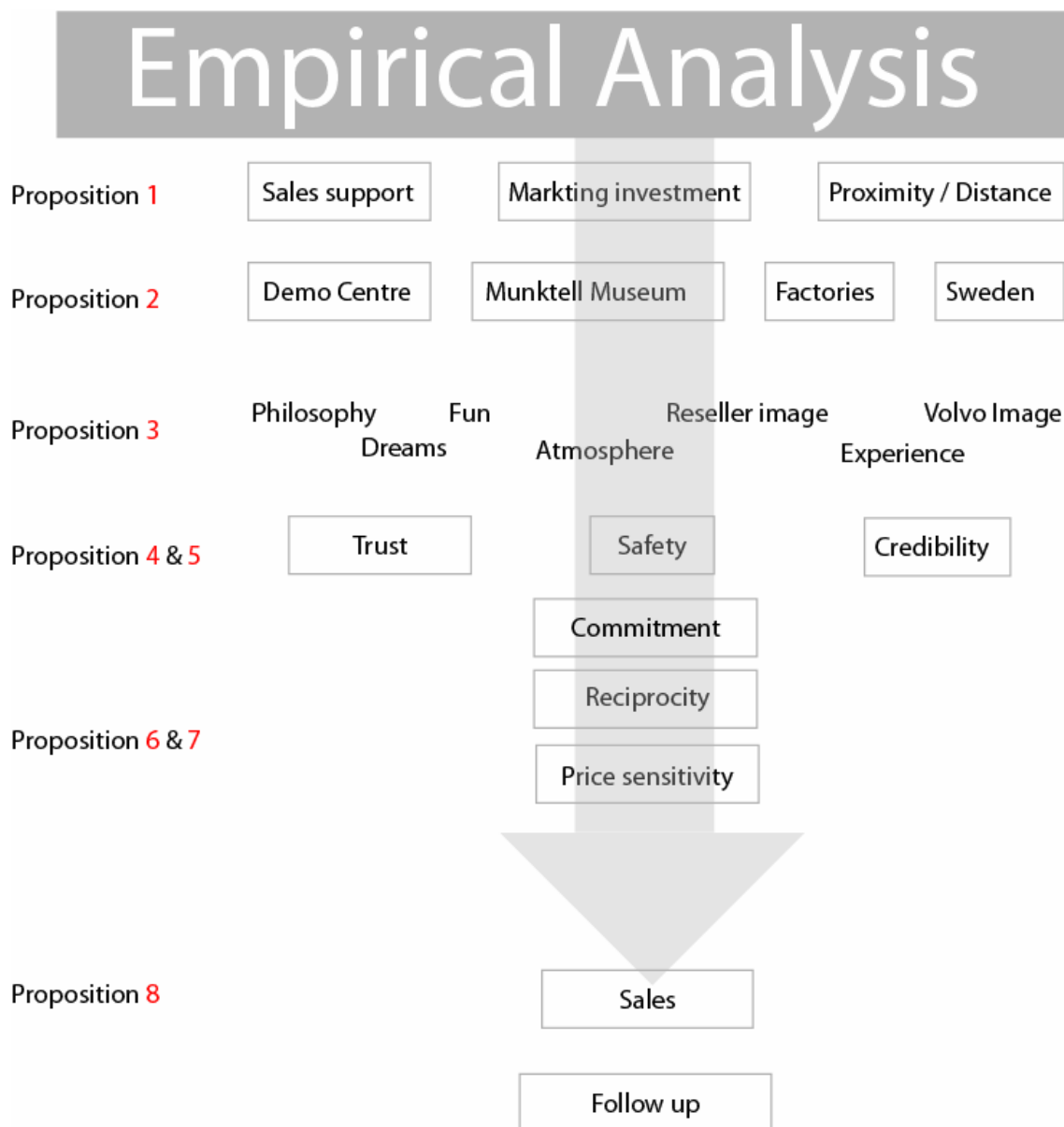


Figure 15 Pre-theoretical summary (By authors)