



School of Management

# **Heavy vehicle B2B marketing and impact of culture - a comparison case study of Volvo and Scania in Thailand**

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*Adesola Adegboye and Lena Romlin*

## **Abstract**

Many Automobile companies from the developed countries are moving to Asia as the market potential in these countries is diminishing and cost of production is cheaper. Although there is a larger market potential in Asian countries, each automobile company needs to attract potential customers with the ultimate goal of retaining them. A case study based on interviews was carried out at Volvo and Scania subsidiaries in Thailand to investigate the role culture play in business-to-business marketing when companies move to a country with a different culture. As the way of work in Thailand and Sweden is different, culture impact is researched in the area of relational marketing, sales forecast and market survey, market segmentation and business marketing communication with focus on the B2B marketing. Finally we perform analysis to identify what is necessary for the companies to adopt in regards to cultural with the aim of retaining and gaining market share. The analysis is based on empirical data collected during interview with employees of the two companies.

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**Figure 3** *Describes business communication flow* (authors own model)  
*between customer and company*

**Figure 4** *B2B Buying process* (Simkin, 2000)



# 1. Introduction

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*This chapter provides an insight into the research area, the impact of culture on marketing strategy. We also present a brief discussion of background research in the area, the problem we are investigating and the justification of the thesis. Finally, an outline of other chapters of this work is mentioned.*

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## 1.1 Background

As market growth in heavy duty vehicles in developed countries continues to get ever closer to market potential, it is paramount for a firm to enter into other markets to continue to grow. As more third world countries get empowered and increase infrastructural development, their market has become more attractive for companies seeking to grow or maintain growth. According to Yin (Yin, 2003), other factors that attract these companies are abundance of physical and human capital, favorable local tax structure, availability of venture capital and favorable governing laws. However, to enter into a new market, it requires that the firm develop an entry market strategy because it is the entry mode that will determine the success or failure of the new unit on the long term (Zentis, 2007). Gourvenec in his paper said “Marketing is a very broad ranging discipline which is undergoing radical changes. The approach that should be adopted by marketing management in the 21st century is conditioned by the deep social and cultural changes that we are going through at the end of this century. It is also greatly impacted by the significant alterations of today’s business practices” (Gourvenec, 1996, p. 3) which is why, after successfully entering into the market, the marketing strategy needs to be continually reviewed in order to retain or gain competitive advantage. To have a successful review, factors such as market size, possibility of joint venture in high cost critical area with other companies, marketing communication, market segment that is focused on, current state of the relationship with customers, national/ regional culture, government policy, economy, political and social stability, change in technology and trends needs to be constantly evaluated.

As more industrial companies move to Asia, to reduce production cost and increase their global reach, less attention has been given to countries like Thailand. Thailand also known as the ‘fifth Asian tiger’ because of its rapid growth has since moved from exporter of primary product to an industrialized economy. Industrialization was made possible because of structural and fiscal policy reforms carried out in 80s. Not only for this reason has Thailand attracted foreign investors. Thailand boasts of relatively cheap, unskilled and trainable labour and it already had needed infrastructure in place. Other reasons are the political stability and absence of racial conflict (Pongpisanupichit and others 1989) and the geographical location which makes it a hub for developed Japan and newly industrialized south east Asian countries (Economist 1990a).

In Thailand, transportation sector is a big sector that consumes 56 percent of the country’s energy demand (Hussey, 1993) with heavy duty vehicles having a considerable share of this demand. Thailand’s automotive industry is well on the way to solidifying its status as the Detroit of Asia. “Thailand is already the world’s second largest pick-up truck market after the

U.S. and ASEAN's largest automotive market and assembler. Today all leading Japanese car producers as well as BMW, Mercedes Benz, General Motors, Ford, Volvo and Peugeot assemble cars in Thailand along with their legions of suppliers. Thailand has become the main production base for auto exports in South East Asia (Royal Danish Embassy, 2006)".

The major players in the auto industry in Thailand are the Japanese companies having a market share of around 80% (Royal Danish Embassy, 2006) however, with the size of South East Asian market and the infrastructure already in place, other players like the European assemblers have entered the market. One of those is Scania Siam Co., a subsidiary of Scania CV AB of Sweden and Volvo Truck and Bus Thailand. Both companies have a relatively small market share in comparison to the Japanese companies. These companies need to find a way of attracting more customers, retaining them with the overall objective of having a bigger share in the heavy duty truck industry in Thailand.

### **1.1.1 Background Information about Scania**

Scania was established in 1891 in Sweden, and is today a world leading brand on trucks and buses for heavy transport work. Scania has since then built and delivered more than 1,400,000 trucks and buses. Scania operates in about 100 countries and has more than 34,000 employees of these 2,400 work with Research and development mainly conducted in Sweden close to the company's production units. Scania has eleven factories in five countries. Scania's corporate purchasing department is supplemented by local procurement offices in Poland, the Czech Republic, the United States and China. Production takes place in Europe and Latin America. In addition about 20,000 people work in Scania's independent sales and service organization. Three core values; Customer first, respects for the individual and Quality ties the company together and form the basis of Scania's culture, leadership and business success (Scania's website).

Scania's objective is to deliver optimized heavy trucks and buses, engines and services, provide the best total operating economy for our customers, and thereby be the leading company in our industry. The foundation is our core values, our focus on methods and the dedicated people of Scania (Scania's website).

Scania is well known throughout the world as a leading manufacturer of heavy trucks and buses of extremely high quality with excellent fuel consumption, comfort, safety, low emissions and legendary reliability. More importantly is that Scania places much emphasis on after-sales service, with the firm knowledge that Scania customers expect and deserve the best service (Scania's website).

### **1.1.2 Background Information about Volvo**

The Volvo group was established 1927 in Sweden. The Volvo Group has products with strong brand names that have been built up over a long time.

The Volvo Group's vision is to be valued as the world's leading supplier of commercial transport solutions with over 300 000 employees. Volvo's mission is to create value for customers and shareholders. Volvo use expertise to create transport-related products and services of superior quality, safety and environmental care for demanding customers in selected segments. Quality is the goal – to offer reliable products and services. In all aspects of their operations, from product development and production to delivery and customer support, the focus shall be on customers need and expectations. Volvo's goal is to meet or

exceed their expectations. With a customer focus based on everyone's commitment and participation aim is to be number one in customer satisfaction. This is based on a culture in which all employees are responsive and aware of what must be accomplished to be the best business partner ([www.volvo.com](http://www.volvo.com)).

## **1.2 Motivation and Purpose**

As the world continue to converge, there is the notion that the world will become a global village, meaning that a time will come when there will be a common market with singular method for marketing relationship and communication. However, today we are still far from that ideal world (Mooij, 2004). As this is a long term vision and before we get there, there is the need of understanding how to relate and communicate with potential customers in a way that draws their attention and trigger them to respond.

In developed countries, the markets potentials for heavy duty vehicles have reduced a lot, due to government policy to reduce CO2 emission, stricter manufacturing rules and number of players in the market. This has prompted some companies to move their production or extend availability of their products to emerging markets that have market potentials and have a relatively lower cost of production. Market potential is the "Estimated maximum total sales revenue of all suppliers of a product in a market during a certain period (Business dictionary, 2010)". Cost of production includes both fixed and variable cost. In relational marketing, the ultimate goal is to gain customer loyalty. Most of the literatures we consulted assume that the two parties in a business to business (B2B) relationship do within the same culture. It is helpful for companies expanding into a new market or already operating in a new market know the best methods to reach its potential customers and retain old ones. The best methods or techniques must be view in context of the culture of the region the company plans to establish in. Hofstede defined culture as the "mental programming of a society", in nations where individual lives is strongly influence by social culture, it is essential for foreign firms in this society to figure out the cultural similarities and difference. This understanding helps find out how business is done, communicate with customers, relate with employees and invest smartly.

The importance of culture in this scenario explained above has prompted us to investigate two heavy vehicle companies that have successfully established in Thailand. This investigation explores the role culture play in defining their marketing segmentation, sales forecast and business communication. As culture evolves there arises the need to adjust market segmentation, sales forecast and business communication. This adjustment is important for a company to remain relevant in the community it servers and retain its customers. A possible tool to understand this adjustment is relational marketing. We use relational marketing to compare and contrast Volvo and Scania's relational marketing strategy to get an insight into how outsourcing vehicle companies in Thailand cannot only break into the market but create an atmosphere for sustainable growth.

## **1.3 Problem discussion, specifications and questions**

The survey was carried out to identify what the companies are doing currently about below listed questions:

- How is business customers' loyalty managed in order to retain customers and what role does culture play in managing customer loyalty?
- How does Scania's and Volvo's marketing strategies differ? How have they adjusted to cultural dimension of Thailand? Among the two companies, which market segmentation and business communication is most successful and whose forecast is most accurate?

## 1.4 Target Group

The thesis is mainly of interest for companies in the automotive industry established in Thailand. It can also serve as a guideline for those planning to establish their business in the Thai market. Students who have interest in marketing, or are investigating similar research area will find this work informative and interesting. This work does not generalize B2B marketing in Thailand. Instead it is an observatory study of two companies in Thailand with Scandinavian culture.

## 1.5 Disposition

**Chapter 1:** begins with an introduction to the topic by selecting a background of upcoming problems and problem clarification. This is followed by a statement of purpose essay, and a delineation and target indication.

### **Chapter 2:** Methodology

This chapter describes the methods we have chosen and will avail ourselves of the investigation. Justifications for the choices made are included along with the survey methodology to allow for a critical review of the final outcome and the study's credibility. The chapter concludes with a methodology and source criticism.

### **Chapter 3:** Theory

The theory chapter, we present the data underlying the purpose of the essay and problem formulation. This, together with additional empirical data is an essential reference for the analysis and conclusion at the final stage of the investigation.

### **Chapter 4:** Empirical

In this chapter we make a detailed presentation of Scania and Volvo marketing activities in Thailand. Empirical data is based on a compilation data from interviews conducted at the office of the companies in Thailand, exchange of correspondence via email and the company's website.

### **Chapter 5:** Analysis

This chapter analyzes the empirical data from the seven interviews in relation to the theoretical references, we have developed. Here is a discussion that started from the problems issues raised in the introductory chapter. The analysis provides the basis for the conclusions in the final chapter.

### **Chapter 6:** Conclusion

In the conclusion chapter we conducted a final discussion based on the analysis made.

Recommendations on the development and improvement are given and suggestions for future studies are presented.

## 2. Method

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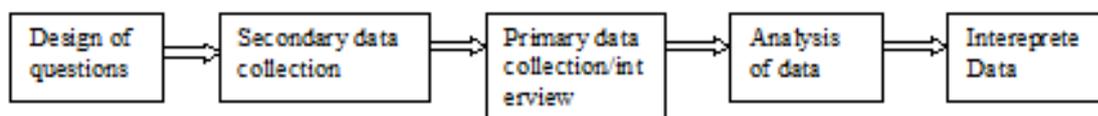
*In this chapter we describe the methods that can be used for this study. Further we select a methodology for our investigation. Motivation for the choices of method is discussed to enable a critical examination of the final result and the investigation's credibility. The chapter will end with a method and source critical.*

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A multi-national firm analysis is conducted to examine the impact firm's marketing strategy is making on customers and how this is transformed into market share, customer loyalty and profitability. It is a comparison case study of Scania and Volvo that uses qualitative analysis approach (Creswell, 2009). In this chapter we describe a step by step approach of how we carried out our investigation. Interview is the major method used in this research work. Interview was used to gather primary empirical data. The questions in the interviews were based on the applied theory models which will be in the empirical data. Also, how data was collected is described. To conclude the chapter, limitations, viability and reliability of this study are mentioned.

### 2.1 Research approach

According to Creswell (2002), there are three types of approaches used to tackle a research problem. These are qualitative, quantitative and mixed. It is the type of problem that determines the approach to use. Qualitative approach is used when the problem topic is exploratory. It is also used when the study is to explore a problem that is new with few previous works and unknown, variables or theory base. Quantitative approach is used when the problem topic has known variables and the problem is best addressed by understanding the variables that influence the outcome. In this approach statistical and mathematical techniques are usually used. A mixed approach is one that combines the two earlier described approached. Mixed approach is used when there is a need to explore a problem, variables are readily available and relationship between variables needs to be understood. In our thesis there are no ready variable, so exploratory approach is suitable for our case. The activities in the process of carrying out this research work can be seen in the diagram below:



*Figure 2, the process flow of Thesis work*

#### 2.1.1 Design of Questions

According to Fowler (Fowler, 1995), "important measurements are based on a question and answer process." The interest of the researcher is not in the process but the knowledge that can be extracted from a question and answer session. In order to retrieve a good answer, the

question should be reliable and valid enough to describe the scenario the author of the question is describing. A good question is one that respondents understand in consistent way as the author. “We paid attention that no double-barreled or ambiguous questions were used” (Janine, 2006). All the questions were neutrally phrased (Fink, 1995)

In this thesis work, the questions are exploratory in nature so that insight can be gained into how foreign companies make and execute their marketing strategy. The questionnaires were design so that answers would be provided to the problem discussion raised in chapter 1. The position of employees who are respondent to the questions at Volvo are:

Everyone is from Thailand except Falkstrand and Palmqvist from Sweden. Martin is from France.

- Managing Director - Thai Swedish assembly(Swedish)
- Managing Director - Truck and Bus Thailand(French)
- General manager - Commercial vehicles and marketing(Thai)
- Manager - Fleet sales and special application manager (Thai)

The position of employees who are respondent to the questions at Scania are:

- Managing Director(Thai)
- Product Manager(Thai)
- General Manager (Thai)
- Service Manager(Swedish)

The questions cover areas of marketing strategy we plan to compare and measure and they are grouped according to the following:

- Impact of culture when multinational companies establish in a new country.
- Relationship market
- Marketing segmentation.
- Sales Forecasts and Market surveys
- Business marketing communication

## **2.2 Case study**

Case study is a research methodology based on in-depth investigation of an event to explore causations in order to find underlying principles. “It refers to the collection and presentation of detailed information about a particular participant or small group, frequently including the accounts of subjects themselves” (Bronwyn Becker et al, 2005). The goal is not to discover

theories that can be generalized. Instead, emphasis is placed on exploration and description of phenomenon to give a logical understanding.

### 2.2.1 Type of case study

There are different types of case studies the type selected depend on the goals and objectives of the researcher. Below are the types:

- **Descriptive Case Studies:** These are primarily illustrative studies. They typically utilize one or two instances of an event to show what a situation is like. It provides the reader with description of a phenomenon within a given context (Yin, 2003). It sheds light on nebulous questions and gives readers a common language about the topic in question (Bronwyn Becker et al, 2005).
- **Exploratory Case Studies:** These is a preliminary study to identify questions, theories and hypothesis to be investigated in a large scale study when there is little information about the problem. It is not compulsory that the large scale investigation is researched using case study (Yin, 2003).
- **Cumulative Case Studies:** These studies is used for meta-analysis by gathering past studies, aggregate information for greater generalization without additional cost or time being expended on new, possibly repetitive studies (Bronwyn Becker et al, 2005).
- **Critical Instance Case Studies:** These studies are used to question universally acclaimed truth. It is can be described as a verification tool useful for answering cause and effect questions. “It is used to call into question or challenge a highly generalized or universal assertion. This method is useful for answering cause and effect questions” (Bronwyn Becker et al, 2005).

## 2.3 Interviews

Interviews demand real interaction between the researcher and the respondent. To be able to run the interview efficiently and without any disturbances, the researcher needs to know the respondent, his background, values and expectations. Interviews are often considered the best data collection methods. This can be done via mail, telephone or in person (Gharui and Grønhaug, 2005).

Three types of interviews can be conducted; structured, semi-structures and unstructured. Structured interviews or survey research, using a standard format of interview with emphasis on fixed response categories and systematic sampling and loading procedures combined with quantitative measures and statistical methods. In unstructured interviews, the respondent is given almost full liberty to discuss reactions, opinions and behavior on a particular issue. The interviewer is there just to give lead questions and to record the responses (Gharui and Grønhaug, 2005).

Semi-structured interviews differ from both unstructured and structured interviews. The topics and issues to be covered, sample sizes, people to be interviewed and questions to be asked have been determined beforehand. In semi-structured interviews bias is handled by a careful design of the technique itself: bias arising from the sequence in which we address subject matter, from any inadvertent omission of questions, from unrepresentative sampling and from

an uncontrolled over- or under-representation of subgroups among our respondents. Another reason why semi structured and unstructured interviews differ from structured interviews is that they demand greater skills from the interviewer, as in semi-structured and unstructured interviews we often obtain information about personal, attitudinal and value-laden material, and we are likely to be dealing with matters that call for social sensitivity in their own right. An advantage of structured interviews lies in the uniformity in the behavior of interviewers, as other researcher can replicate the interview in similar situations. Unstructured interviews are considered advantageous in the context of discovery because the researcher being well acquainted with the research questions can ask subsequent questions and enrich the data collected (Gharui and Grønhaug, 2005).

One of the authors who is based in Bangkok, Thailand conducted a semi-structured interview with the Service Manager for Scania Siam and the Managing Director for Thai Swedish Assembly Co Ltd. (TSA) – Volvo Truck Corporation. Further, six interviews took place at Scania Siam Co., Ltd and Volvo Truck and Bus Thailand.

## **2.4 Primary Data Collection**

Primary data is information collected by the authors themselves through one or more different data collection techniques. Information can be obtained by observation or communication such as surveys or interviews. The advantage of this information is that it is appropriate to the problem and the information is current. The method is more time consuming, possibly more expensive and requires expertise of the collector (Christensen 2001, s.103-105).

Interview is our primary source of obtaining data. The interviews were held at the offices of the two firms and they were held in three sessions with different departments' representatives. The questions in the interviews are based on the applied theory models which will be in the empirical data. The questions were sent before hand to the interviewees in order to ensure that they have enough time to answer the questions as objective and accurate as possible. The questions are open-end questions. The interviews were semi-structured interviews as the interviewer was able to ask relevant unprepared question that came to mind which is a build up question based on the response of the interviewee. All interviewees were members of staff of the companies ranging from local staff to foreign expatriate working in Thailand. Answers to interview questions are summarized by the interviewer. There were four interviews in total at each company. Each interview last about one and half to two hours (Creswell, 2002, Ranjit, 2009). After these interviews, authors asked follow-up questions via email and the interviewees where kind enough to reply all the questions.

### **2.4.1 Introductory Interview**

This was the first interview and it was informal and unstructured with the aim of acquainting the author with the company and the interviewees. It was important to be acquainted because operational structure in Scania is quite different from that of Volvo and we had to adjust our questions so that they can be used for both companies. The meeting began by one of the authors informing what the object of the interview is about although she had made this known in previous correspondence via email and phone. During this interview the author was shown round the company and to see how the daily work is performed especially in the marketing and sales department. Both interview in Scania and Volvo took an average of 1 hour, all questions were answered and the conversation was record for accurate documentation. After the meeting, we wrote out the answers against the relevant question. This meeting gave the

authors opportunity to review the prepared questions. Some irrelevant questions were deleted while some others were updated to provide clarity, in line with the theories we plan to explore.

## 2.4.2 Subsequent Interviews

The rest of the interviews started as a semi-structured interview in a relaxed and undisturbed environment. The interviews were conducted on different scheduled dates in English. All the prepared questions were answered objectively and were recorded. The interviewer was given the opportunity to elaborate as much as she wanted about any of the questions.

## 2.5 Secondary Data Collection

Secondary data is already available data that can be collected from magazines, journals, research papers, books, trading information and the Internet. The advantages of this type of data are that there is a wide range of sources; it is cost effective and time-efficient. The disadvantages are that useful data may be missing (Christensen 2001, s.87 and 102). Secondary data also serve as some sort of tool to measure reliability and validity of our primary data.

For our secondary data collection we consulted the following sources to obtain additional information required for this study:

- Articles, books, public documents about Thailand industrialization, end of year's statement of Scania and Volvo Thailand and books in marketing, B2B marketing, qualitative methods, research methods, social marketing and culture.
- Websites are used for information about the companies we use as case study. The websites consulted are those of Scania Thailand, Volvo Thailand, Swedish trade council Thailand, Swedish embassy in Bangkok, Danish embassy in Bangkok, Blekinge Institute of Technology library and Chulalongkorn's universities library.
- Previous theses that has been used for the investigation has been gathered at uppsater.se and Archive EX at [http://www.bth.se/fou.nsf/\\$\\$\\$Search](http://www.bth.se/fou.nsf/$$$Search) using search word such as strategy and marketing, heavy vehicle, marketing, B2B, cultural, industrial marketing, global marketing, international marketing, relationship marketing and business to business marketing.
- Winning in a global market: The significance of training for skills requires being effective in international marketing. According to the author companies must simultaneously be responsive to local and global market conditions. International marketing skills are an important ingredient for every company whether or not it is involved in exporting activities (Ohonsi, 2007).
- Identification and dealing of cultural differences in B2B-context. This thesis investigates how companies in B2B context identify and deal with problem of cultural character with foreign business connections (Persson and Svensson)
- Establishing in Malaysia: The impact of Cultural Factors. The thesis is about Swedish companies that are established in Malaysia. The purpose of the study was to

investigate and deepen the understanding of cultural factors affecting the establishing process for Swedish companies in Malaysia (Dohlner and Grom, 2006).

Though no previous work about heavy vehicle companies marketing in Thailand has been found, the above mentioned thesis has given us ideas how cultural dimensions in general may affect company strategy. The models have been worked out based on the interview in the preliminary stage of the theses and the above mentioned theses. The investigation will be formed as a case study with qualitative character of Scania Siam and Volvo.

The secondary data has been the base for the questions that are used for the two first introduction interviews with the contact persons from Scania Siam and Thai Swedish Assembly Co Ltd. (TSA) – Volvo Truck Corporation. The questions to the semi-structured interviews have been attached in appendix 1-6 based on secondary data.

## **2.6 Data Analysis and Interpretation**

Data analysis and interpretation is used to test the data generated through interviews. (Janine, 2006). At this stage in the research we align our initial thought with facts based on the data. The idea is to start analysis from a general point and then gets narrowed down to analysis directly connect to the collected data. Analysis involves search for clues to answer the research questions. In this work, we search for clues from the point of view of the company (Janine, 2006). There are different types of analysis; these are exploratory analysis, correlation analysis, reliability analysis, nonparametric analysis and qualitative analysis. In this work we use exploratory analysis. Finally, the findings from the analysis are interpreted. The main challenge for during interpretation is deciding which result is meaning, which is biased and which reflects the play of chance (Crombie, 1996).

## **2.7 Limitations**

We are aware that the response of the interviewees maybe bias towards the company they represent. However since the benefits of this study is to the advantage of the companies in question, we believe that data given to us for this analysis are facts.

The sampling procedure and coverage decreases the ability to generalize our findings. Hence, this study will not be used to generalize to all areas of B2B marketing of heavy vehicles.

## **2.8 Delimitation**

Only marketing strategy towards big customers is analyzed hence, it cannot be generalized for all B2B market for heavy duty vehicles. The conclusions reached may not apply to B2C market. The study confines itself to interviewing employees from Scania and Volvo.

## **2.9 Validity and reliability**

According to Carmines (Carmines, 1979), “validity is the extent to a particular empirical indicator represents theoretical concepts” in other words it is the measure of accuracy of procedure taken to compare collected data with theories. “Reliability is the extent to which an experiment, test or any measuring procedure yields the same result on repeated trials”. Validity and

reliability consists of credibility, transferability, dependability, and conformity (Bryman & Bell, 2003).

To ensure validity and reliability same set of data was collected from two different sources (i.e. Scania and in Volvo).

One of the authors of this work is based in Thailand, during the period of data collection, she visited the company's operations in Thailand a few times and was able to ascertain some of the information she was provided during the interview.

The interviews were recorded so that it can be replayed and prevent interpretation subject to interviewers bias.

# 3. Theory

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*The theory chapter will give an account for the data that lays the ground for the purpose of thesis and the problem formulation. This together with the coming empiric is the ground for analysis and the conclusion in the final stage of the investigation.*

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## 3.1 Theoretical choices

Three research models about culture were researched to determine the most suitable for analyzing our data. These models are that of Hofstede (1984), Schwartz (1994) and Triandis (1995). All focus on the cultures of national groups. Hofstede proposed that culture can be viewed as individualistic or collective. In his model, he proposed that Power Distance, Certainty Avoidance, Masculinity, Individualism are the factors necessary to distinguish between cultures. Individualistic culture is on where ties between members of the society are loose and there is minimum dependency between society members. Hofstede then classified countries as either individualistic or collective. Triandis introduced the idea of interpersonal behavior. In his model he proposed that human intention is combinations of social factors, individual's emotions and the individual's ability to judge the outcome of an action. Intention combines with habits and facilitating environmental conditions to form behavior. Schwartz pointed out that there could be behaviors that are shared by both individualistic cultures and collective cultures, which Hofstede model seem to conceal. He proposed a model whose outcome is seven types of cultural values (Schwartz, 1999). The values are Harmony, Egalitarianism, Intellectual Autonomy, Affective Autonomy, Mastery, Hierarchy and Conservatism.

In this thesis work we use Hofstede theory as the basis of our analysis. It has been selected because most cultural distance scores have been based on Hofstede's cultural dimensions (Siew Imm Ng, 2007).

We use Hofstede model to investigate three areas of B2B in Scania and Volvo. We investigate the effect of culture on Business marketing communication, Market segmentation and Sales forecast

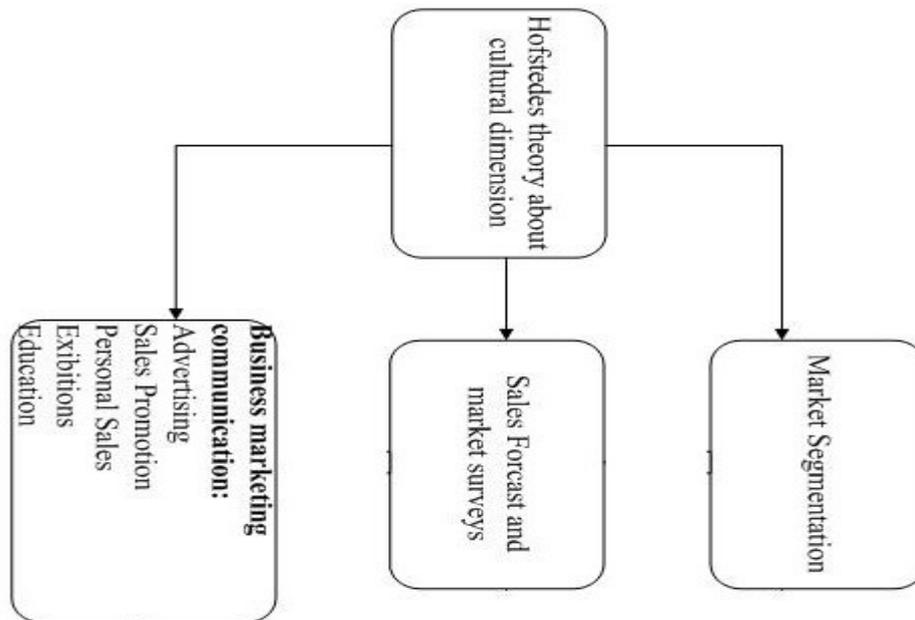


Figure 2, is a list of marketing tools that the authors intend to investigate to evaluate how the marketing job is conducted within the company. In all tools there are elements of relationship marketing and consideration has been given to the cultural dimensions (own model)

### 3.1.1 Hofstede's theory about cultural dimensions

Once a company has established its brand, market positioning and product differentiation in its own domestic market, the same model can be emulated overseas by adapting and localizing the variables within the strategic business triangle. To compete on the Asean market, companies must make extra effort to understand the similarities and the differences in the neighboring countries, independently as well as an integrated whole. Balancing standardization localization is the key to successful regionalization strategies (Kotler 2007, p. 151). That is why the theory begins with a description of the cultural dimensions with focus on Thailand. Geert Hofstede has tried to create a theory that enables a description of different countries cultural valuations. The theory brings up among other things how these valuations affects family situations, school and workplace environment and how the hierarchy is built up within public government services. A demarcation has been made to the conditions at the place of work.

### 3.1.3 Marketing Segmentation

A market segment is a customer group within the market that has special characteristics which are significant for marketing strategy. (Sally Dibb and Lyndon Simkin, 1997) defines marketing segmentation as the attempt to balance diverse customers' needs with the capabilities and resources of competing organization. Some advantages of segmentation includes better understanding of costumers (Bonoma and Shapiro, 1983), identify new opportunities within customer segment with large market potential (Hooley and Saunders, 1993), put scarce resources into better use (Hammermesh *et al.*, 1978). In most markets the need for segmented offerings is clear because a single product will not satisfy all the customers. The big question is what the correct approach to segment marketplace is correctly.

As the marketplace becomes globalized, questions arise as to how best companies should embrace this reality (Yip, 1995). Some of the developments that has pushed for this trend includes ever shrinking market potential, advancement in information and communication technology, converging fashion/trend, regional unification, increase in western education, standardization of technology, global investments and production, etc (Hofstede , et al., 1999). How each region of the world reacts to globalization is unique because each region has distinct core values, tradition, culture and needs, behavior (Hassan and kayak 1994). A common strategy used to define consumers cluster is grouping of potential customer according to existing national borders (Jeannet and Hennessey, 1998). Hence if a company operates in different countries, it will lead to multi-domestic segmentation. Different operational regions will be treated distinctly (SteenKamp and Hofstede, 2002). Products are tailored to each regions needs e.g. building customized trucks due to challenging terrains and weather in certain regions of the world. This strategy has some drawbacks as highlighted by (Hofstede et. al 2002).

One of the drawbacks is ignorance of heterogenic culture within the country, for example in many emerging countries like Malaysia, there exist 3 distinct cultures within the national borders which are, Indians, Chinese and Malays. Nonetheless, globalization is reducing consumer heterogeneity within country.

Another drawback is lack of consideration for the possibility of cultures that spill over different borderlines. The spill will result in sub-regions in different countries having similar consumer profile that does not necessarily fit the countries in question as a whole. The challenge to rightly identify market segments remains.

Final drawback is the impossibility to take advantage of economy of scale since standardized goods can not be produced en masse. This fact requires that distinct “marketing, distribution, and pricing strategy are developed for each country” (Steen Kamp and Hofstede, 2002). This result of this is increase in fixed and variable cost of production and reduction in competitiveness of the company.

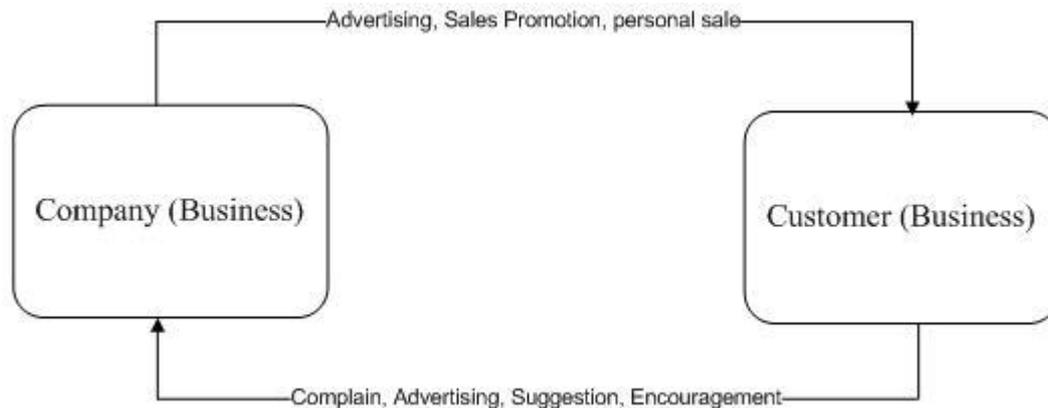
(Kamarkura et. al. 1993) and (Yavas et. al.1992) came up with the idea of cross-national segmentation in their works. This are of research is still in its infancy as there has not been lots of work in this area. This is due to lack of cross-national data as a result of cost and difficulty to collect them (steenKamp and Hofstede, 2002).

### **3.1.4 Sales forecast and marketing surveys**

Purchase intensions by current customer and potential customer are used to forecast sales of product (Armstrong Scott J., et al 2000). Researchers use different technique to capture sales information, measure potential variables and forecast sales. One of the techniques is market survey. The marketer must conduct marketing forecasts to be able to allocate marketing resources to product and customers segments that offer the highest return. A marketing forecast is built of sales prognosis and market surveys at the customers as it is important for a company to know how its customers apprehend them by doing a market survey. That is why we have chosen to see if the companies are doing any market surveys among its customers (Hutt and Speh, 2001).

### 3.1.5 Business communication

There are two types of marketing communication, personal and non-personal communication (Tim Foster, 2005). Personal communication is personal selling while non-personal form of marketing communication includes advertising, exhibitions, sales promotions, personal selling and education. Tim work is based on communication from seller to buyer. However, there is also communication from customer to the seller as can be see below.



*Figure 3, Describes business communication flow between customer and company*

Communication from customers range from complain, advertising, suggestion to encouragements. Customers communicate complain to demonstrate dissatisfaction with product, price or business process. Advertisement is when customer informs others about the company and product offered by the company. This happens as a result of the customer's satisfaction with the company. Suggestion communicates to the company, area that could be improved. Encouragement is a form of urging the company to keep up the good work. Business marketing communication from a company consist of advertising, sales promotion and personal selling. They are all connected with each other as advertising for sales promotions and exhibitions are necessary. A successful personal sale requires a good education. These types of Communication are integrated and interactive (Thorsten Hennig-Thurau, Ursula Hansen, 2000). They could happen simultaneously or individually. In this thesis work, we investigate communication from company to customer.

There are two types of business communication culture, they are low and high context cultures (Bert Rosenbloom et al. 2003). In low context cultures, information flow is contained in the message being communicated between sender and receiver. The message needs to be detailed when communicated. In high context culture the communication does not depend on the message being sent alone. It also relies on the manner and context in which the message is relayed. The manner and context of communication is based on assumptions by the receiver (Edward T Hall, 1989). These assumptions are rooted non-formal model of interaction by a group of people.

According to (Edward hall, 1989), Thailand is a high context culture and Sweden is a low context culture. This being the case, there exist communication difficulty for Swedish companies planning to establish in Thailand. In order to effectively communicate with business customers, they need to learn the manner and context of Thai communication that goes beyond the words being transmitted.

B2B communication between companies from different culture context requires cross-cultural business communication. There has been works to formalize business Cross-cultural business communication. (E.C. Stewart, 1985) investigates the different styles of decision making in business communication, he grouped them into technical style, logical style, bureaucratic style and social collective style. (Steven O. Kimbrough, 1998) identified elements needed for business communication and proposed a formal language for it. (Limaye et. al., 1991) identified issues to be considered in business communication to bridge communication gap. These issues are difference in cognitive framework of people of different cultural background, difference between subjective culture and objective culture and difference in attitude to the concept of time for people of different cultures.

### **3.2 Hofstede's theory about cultural dimensions**

According to Hofstede as all aspects of consumer behavior are culture-bound there is an increased need to identify and understand this integration and its impact on global marketing and advertising. Hofstede's work can be used as a guide to increase efficiency in global marketing (Geert Hofstede's website about cultural dimensions).

For those who work in international business, it is sometimes amazing how different people in other cultures behave. People tend to have a human instinct that "deep inside" all people are the same but they are not. It is common that companies go into other countries and make decisions based on how they operate in their own home countries. This will most probably lead to some very bad decisions (Geert Hofstede's website about cultural dimensions).

Geert Hofstede's research gives an insight into other cultures, so that companies can be more effective and successful when entering into business relations with people in other countries. If companies understand other cultures the level of frustration, anxiety and concern should be reduced.

Hofstede analyzed a large data base of employee values scores collected by IBM between 1967 and 1973. It covered more than 70 countries from which he first used the 40 largest only and afterwards extended the analysis to 50 countries and 3 regions. The study became a basis to his theory about the different cultural dimensions (Geert Hofstede's website about cultural dimensions). The theory describes among other things the meaning of having an intercultural communication for the companies business and marketing. It is mentioning for example how different cultural values affect family conditions, the school, place of work and public administration.

The result is represented in tables with focus on the cultural distance between 50 countries divided into three regions, divided after the different cultural dimensions power distance index, individualism index, masculinity index and uncertainty avoidance index (Hofstede, 1991). As the case study is focusing on Thailand the authors has chosen to describe the drawn outs from Thailand and Sweden, as the companies in the investigation are Swedish companies. In order for the reader to better understand the relative distance between the countries we have also added countries which are ranked first and last.

### 3.2.1 Summary of Hofstede's cultural dimensions with focus on Thailand

**1. Power distance** - Power distance describes how power is distributed and how the distribution is accepted by management and employees. Power distance could be large or small. In small power distance society power is almost evenly distributed while in large power society power is concentrated at the management level (Hofstede, 1984).

#### **Power distance index (PDI)**

Thailand has a relative high power distance index with a ranking of 64. The high power distance is indicative of a high level of inequality of power and wealth within the society.

In the large power distance situation superiors and subordinates consider each other as existentially unequal in the workplace. The hierarchical system is felt to be based on this existential inequality. Organizations centralize power as much as possible in a few hands. Subordinates are expected to be told what to do. Whereas in a country with a low power distance index subordinates and superiors consider each other as existentially equal

(Hofstede 1991, p.26, p. 35-36).

<b>Country</b>	<b>PDI Score</b>	<b>Score rank</b>
Malaysia	104	1
<b>Thailand</b>	<b>64</b>	<b>21/23</b>
Sweden	31	47/48
Austria	11	53

**2. Individualism on the one side versus its opposite collectivism** - refers how members of a society despite the shared culture try to distinguish themselves from the collective society (Hofstede, 1984). It is the degree to which individuals are integrated into groups. On the individualist side societies can be find in which the ties between individuals are loose and everyone is expected to look after themselves, as well as the family. Whereas on the collectivist side people are integrated into strong family groups from birth onwards which continue protecting them in exchange for unquestioning loyalty (Geert Hofstede's website about cultural dimensions).

Employees in an individualistic culture are self-center and carry out their assignments in own interest. In a collectivist culture the employer will never employ an individual instead she or he will employ a person that belongs to an inner group. An employee in a collective culture will always take the groups interest into consideration even though it might not always coincident with the employees own self-interest (Hofstede 1991, s. 53).

**Individualism index (IDV)** Thailand's lowest dimension is individualism index at 20, indicating that the society is collectivist as compared to individualist. This is manifest in a close long-term commitment to the member group, a family, extended family or extended relationships.

Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group (Gert Hofstede’s website about cultural dimensions).

Country	PDI Score	Score rank
USA	91	1
Sweden	71	10/11
<b>Thailand</b>	<b>20</b>	<b>39/41</b>
Guatemala	6	53

**3. Masculinity versus its opposite femininity** – masculine countries are characterized by competition in the form of money, success and status symbols whereas feminine countries priorities are relations and quality of life (Hofstede 1991, s. 83).

**Masculinity index (MAS)**

Thailand has the lowest masculinity ranking among the Asian countries listed at 34, the average in Asia 53 while the world average is 50. This lower lever is indicative of a society with less assertiveness and competitiveness. It also reinforces more traditional male and female roles within the population (Geert Hofstede’s website about cultural dimensions).

Country	PDI Score	Score rank
Japan	95	1
<b>Thailand</b>	<b>34</b>	<b>44</b>
Sverige	5	33

**4. Uncertainty avoidance** – defined as the extent to which the members of a culture feel threatened by uncertain or unknown situations (Hofstede 1991, p. 113).

Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws, rules, safety and security measures. Uncertainty accepting cultures are more tolerant of opinions different from that they are used to. They try to have as few rules as possible (Geert Hofstede’s website about cultural dimensions).

**Uncertainty avoidance (UAI)**

Thailand rank of 64 is slightly higher than the Asian average of 58. Uncertainty avoidance index can be defined as the extent to which the members of a culture feel threatened by uncertain or unknown situations. It indicates the society’s low level of tolerance for uncertainty. To minimize or reduce this level of uncertainty, strict rules, laws, policies and regulations are adopted and implemented. The society does not really accept change and is very risk adverse (Geert Hofstede’s website about cultural dimensions). In uncertainty avoiding societies there are many formal and informal rules controlling the rights and duties

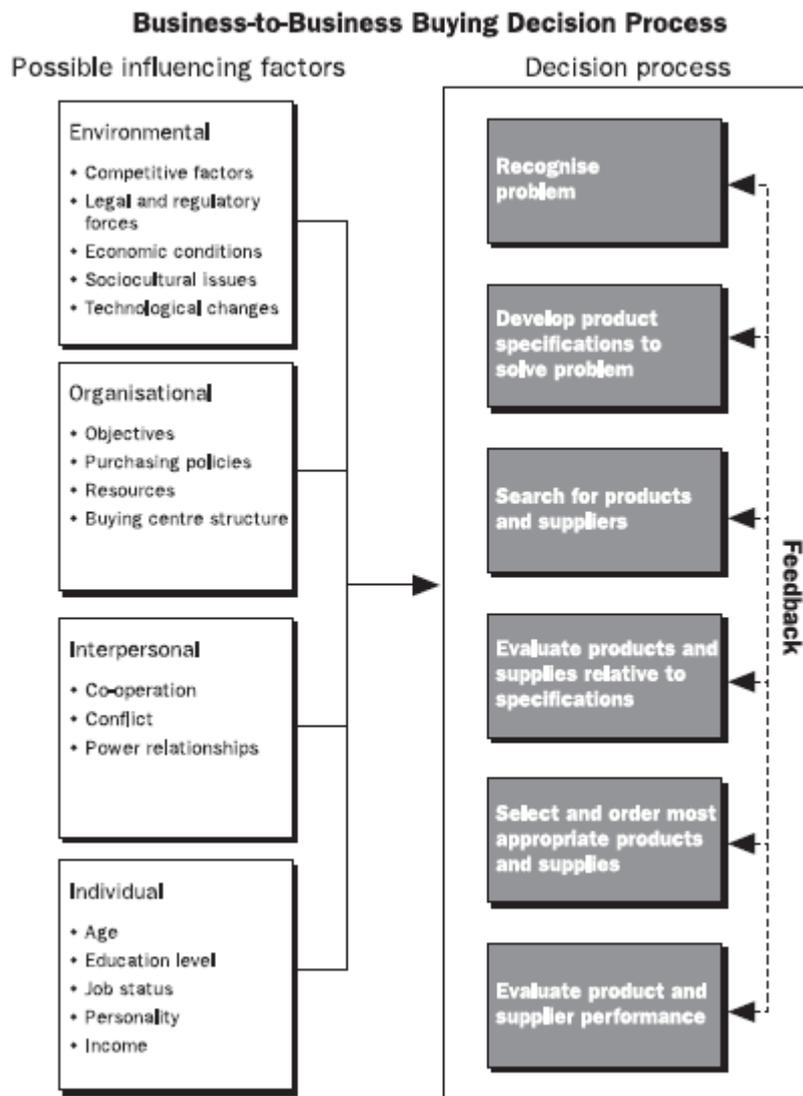
of employers and employees. There are also many internal rules and regulations controlling the work process. In a country where power distance is large, the exercise of discretionary power by superiors replaces, to some extent, the need for internal rules.

People and members of governments, civil servants, employers and employees have been programmed since their early childhood to feel comfortable in structured environments (Hofstede 1991, p. 120).

<b>Country</b>	<b>PDI Score</b>	<b>Score rank</b>
Greece	112	28
<b>Thailand</b>	<b>64</b>	<b>30</b>
Sweden	29	49/50

### **3.4 Market segmentation in B2B**

There are different approaches taken when segmenting customers who are final consumers and industrial consumers also known as B2B customers. When business plans are directed towards the final consumer the segmentation strategy is to identify the group of consumers with the largest need that match the product/service offered by a company (Paul, 12/02/2011). In the case of a business consumer, it is not enough to focus on the consumption needs alone, the supplying company needs to identify and understand the business needs as well. Business customers whose business goals and visions are aligned with the supplier's long term business strategy needs to be courted (Paul, 12/02/2011). One way of initiating this courtship process is to understand the buying process of businesses and attracting the most matching ones. The figure below illustrates the buying process in B2B (Paul, 12/02/2011).



*Figure 4, B2B Buying process 1 by Simkin, 2000*

There are different techniques used to segment B2B customers. In the simplest form, classification can be done using questionnaires which can provide information such as demography. The answers to the question by the interviewee provide information about their business goals, vision and behavior. A more advanced technique is statistical technical methods such as factor analysis (B2B International). “Factor analysis is a statistical method used to describe variability among observed variables in terms of a potentially lower number of unobserved variables called factors” (Wikipedia, 2011). Below is a list of segmentation variables in B2B:

- Industry of end user (e.g. agriculture, aerospace, construction)
- Organizational type (e.g. public or private sector)
- Size of organization (e.g. big or small, national or multinational)
- Geographical location (e.g. regional, urban, rural)

- Usage (e.g. heavy or light user)
- Purchasing organization (e.g. centralized or decentralized, purchasing policy and criteria, nature of decision-making unit.
- Brand loyalty

Industrial markets decision making units and buying processes are very complex, offering enormous opportunities for creative marketing. Market segments helps the business marketer to focus on product developments efforts, develop profitable pricing strategies, select appropriate channels of distribution, develop and target advertising messages, as well as training and deploying the sales force. Market segmentation also provides the foundation for efficient and effective business marketing strategies (Hutt and Speh 2001, p. 177-178).

Finally, in this thesis work, we investigate consideration made by Volvo and Scania during their market analysis to correctly select a market segment and analyze the outcome of this selection.

### **3.5 Sales forecast and marketing surveys**

Estimating market potential and forecasting sales are the two most significant dimensions of organizational demand analysis. Each is fundamental to marketing planning and control. Knowledge of market potential enables the marketer to isolate the market opportunity and efficiently allocate marketing resources to product and customers segments that offer the highest return. Sales forecasts and market surveys are two methods that the marketer can use in order to develop a marketing forecast. Sales forecasts are developed for various periods, daily or weekly, or it could be for long term two or more years depending on the purpose (Hutt and Speh 2001, p. 220).

The survey method is very useful for companies when estimating market potential of new products for its customers. Surveys can provide information about whether specific plans are in the market for a new product, about the extent of their needs and about the likelihood of purchase by the customer. Surveys are also useful for a company in determining the potential product use by specific industry groups, the plants in each industry that have the greatest potential and the relative importance of each industry group to total sales (Hutt and Speh 2001, p. 205).

### **3.6 Business Marketing Communication**

Low context cultures are culturally distant from high context ones, In order to communicate effective, it has been suggested the frequency of communication should be increased between business and customer (Bert Rosenbloom et al. 2003). The increase in communication frequency according to her finding among US exporters improved business relationship. We believe closing the cultural distance could be more effective. In this study we investigate the effort Volvo and Scania are making to close cultural distance at their branches in Thailand.

Closing cultural distance in this study refers to how the Swedish companies are adapting to the Thai culture. We investigate the difference between business communication in Thailand and Sweden, specific actions taken by Scania and Volvo to reduce the difference at the Thai

branch of their companies and finally evaluate if it is paying off or not. Below are specific areas of communication we investigate.

### **3.6.1 Advertising and Sales Promotions**

Advertising and related sales promotion tools supplement and reinforce personal selling. The share of the marketing budget devoted to advertising is smaller in business than it is in consumer goods marketing.

A well adapted business-to-business advertising campaign together with a carefully planned promotion program can contribute to the increased efficiency and effectiveness of the overall marketing strategy (Hutt and Speh 2001, p 408).

Communication with existing and potential customer is important to business marketing success. Marketing directors learn through experiences that not even the best products sell themselves. The benefits, problem solutions, and cost efficiencies of those products must be effectively communicated to all the individuals who influence the purchase decision. As a result of the technical complexity of business products, the relatively small number of potential buyers, and extensive negotiation process, the primary communication vehicle in business-to-business is the salesperson. The personal contacts with the sales person and other no personal methods of communication play an important roll and should include advertising, catalogs, internet and trade shows (Hutt and Speh 2001, p. 209).

Effective advertising can make personal selling more productive. John Morrill (Morrill, see Hutt and Speh 2001, p.210) examined nearly 100,000 interviews on twenty- six product lines at 30 000 buying locations in order to study the impact of business-to-business advertising on sales person effectiveness. The conclusion of the investigation was that dollar sales per salesperson call were significantly higher when customers had been exposed to advertising.

In addition to increasing company and product awareness, research indicated that buyers who had been exposed to a supplier's advertisement rated the supplier's sales personnel substantially higher on product knowledge, service and enthusiasm. The main purpose of the B2B advertising is to increase the reputation of the supplier. Business-to-Business advertising contributes to increased sales efficiency. Increased expenditures on advertising lead to greater brand awareness for industrial product, which translates into larger market shares and higher profits (Hutt and Speh 2001, p. 410-412).

### **3.6.2 Advertising: Increased Sales Efficiency and Creating Awareness**

Business suppliers must frequently remind actual and potential buyers of their products as well as services and awareness about new upcoming products. This could partially be accomplished by personal selling but the costs of reaching a vast group of buyers would be too high. A properly placed advertisement can reach hundreds of buying influentially at only very low costs. Compared to if the costs has to be taken into consideration for sales persons doing the job; sales expensive, traveling expensive and representation expensive. Advertising interacts effectively with all communication and selling activities and it can result in higher levels of efficiency for the entire marketing expenditure (Hutt and Speh 2001, p. 411).

The buying process can be viewed as taking potential buyers sequentially from unawareness of a product or supplier to awareness, to brand preference, to conviction that a particular

purchase fulfill their requirements and ultimately to actual purchase. Business advertising often creates awareness of the supplier and the supplier's products (Hutt and Speh 2001, p. 412).

### **3.6.3 Selecting Advertising Media for Business Markets**

An equally important factor as well as the message is the medium selected by the company. B2B media is selected of purposeful readers who have responsibility for specific purchasing decisions and product targets. At first a decision has to be made of which kind of media to use trade publications, direct mail or both. A selection of particular media is also a question about costs and budgetary considerations (Hutt and Speh 2001, p. 417).

Even the most successful business publication advertisement is seen by only a small percentage of the people who read the magazine and therefore one-time ads mostly are ineffective. A number of exposures are required before a message is remembered. As the reading audience varies from month to month a schedule of advertising insertions per year is required. At least 6 insertions per year may be required in a monthly publication and 26-52 insertions in a weekly publication. All of this is necessary for a company to be able to build continuity and repetitive value among customers (Hutt and Speh 2001, p. 419).

### **3.6.4 Personal Sales**

Advertising and sales promotion is a complement to the personal selling function. Personal selling is dominant in business markets because the number of potential customers is relatively small, compared to consumer markets and the dollar purchases are large. Business marketers have many potential links to the market. Some may rely on manufacturers' representatives and distributors; others rely to full on a direct sales force.

Each firm must determine the relative importance of the various components of the promotional mix – advertising versus sales promotion versus personal selling. Regardless of how a firm implements its sales strategy, the sales person is the initial link to the marketplace and specific customers. The task of the salesperson is both complex and challenging. To meet all their customers' expectations, sales people are required to have broad knowledge that extends beyond their own products. They must have valuable knowledge about competitor's products and trend in the customer's industry. It is vital that they know the business of their customer's customers including their customer's business (Hutt and Speh 2001, p. 433). The business marketer can organize the sales force by geography, product or market. (Hutt and Speh 2001, p. 440). The question is if experienced salespersons should be employed or inexperienced individuals be hired and trained by the company varies with the size of the company, the nature of the selling task, the firms training capability and its market experience. Smaller firms often reduce training costs by hiring experienced and more expensive salesperson. Whereas large corporations tend to hire less experienced personal and support them with a carefully developed training program (Hutt and Speh 2001, p. 443).

### **3.6.5 Exhibitions**

Most industries participate in an exhibition annually to display new technological development in the industry by taking part in an exhibition (trade-show) a company gains unique opportunities to demonstrate new or old products including technology. The company gains the following advantages (Hutt and Speh 2001, p. 426):

- An effective selling message can be delivered to a relatively large and interested audience at one time
- New products can be introduced to a mass audience
- Customers can get hands-on experience with the product in a one-on-one selling situation.
- Potential customers can be identified, providing sales personnel with qualified leads.
- General goodwill can be enhanced.
- Free publicity is often generated for the company

In an effort to generate interest in an exhibition, business marketing firms should run advertisement in business publications profiling new projects to be exhibited at the show. Trade show strategies should also be linked to internet marketing communications initiatives. This enables many exhibitors to schedule appointments with prospects and customers during the show. After the exhibitions business marketing managers should evaluate the outcome of the exhibition including, likely sales, profit and corporate image impacts (Hutt and Speh 2001, p. 428).

### **3.6.6 Education**

To prepare new industrial salespersons adequately, the training program must be carefully designed. Periodic training is required to sharpen the skills of experienced salespersons when the firm's environment is changing rapidly. Change in business marketing strategy for example new products or market segment change the personal selling styles.

The sales person needs a broad knowledge about the company, the product line, customer segments, competition, organizational buying behavior, and effective communication skills. All these must be part of industrial sales training programs.

Effective training builds confidence and motivation in the salesperson, increasing the probability of successful performance. Training also helps the business marketer by keeping personal selling in line with marketing program objectives (Hutt and Speh 2001, p 445).

## 4. Empirical Data Findings

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*In this chapter we conduct a closer presentation of Scania Siam's and Volvo's marketing work in Thailand. The empiric part will be based on semi-structured interviews and provided data from the office in Bangkok and the companies' web page.*

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### 4.1 Company presentation Volvo

Volvo in Thailand consists of five different legal companies with tax reduction zones with over 300 employees:

- **TSA Land**
- **TSA Thai Swedish Assembly Co Ltd.**
- **TMBP** (welding and painting)
- **Volvo Truck and Bus Thailand**

The operation consists of local production and assembling of truck, bus and cars - S80 and XC 90. The investigation for Volvo will be limited to the marketing and sales department which is represented within Volvo Truck and Bus Thailand.

Volvo Truck and Bus Thailand was established in 1991. Volvo Truck and Bus have around 200 local employees of which 2 employees are expatriates. Since start the revenue has grown to 700 million SEK and it has doubled within 3 years.

#### 4.1.2 Interviewed persons

- Bosse Palmqvist, Managing Director for Thai Swedish Assembly Co Ltd.  
(TSA) – Volvo Truck Corporation, total 20 years for Volvo
- Christopher Martin, Managing Director for Volvo Truck & Bus Thailand Co. Ltd,  
total 11 yrs for Volvo
- Kamlarp Sirikittiwatn, General Manager - Commercial Vehicles & Marketing  
Volvo Group - Asia Truck Operations, Region Thailand, total 9 yrs for Volvo.

- Suebsak Thammasien, Manager - Fleet Sales and Special Application  
Volvo Group – Asia Truck Operations, Thailand  
Volvo Truck & Bus (Thailand) Co., Ltd, total 14 years for Volvo.

## **4.2 Company presentation Scania Siam Co. Ltd**

Scania Siam Co. Ltd was established in 2000 and has over 124 employees, two employees are from Europe and the remaining staff from Thailand. Scania Siam Co., Ltd is a wholly owned subsidiary of Scania Sweden. Scania Thailand head office complex includes centre sales of trucks, buses, marine engine and industrial engine, service centre, spare parts warehouse and training centre. Since the start the business has increased in volume by 40% and a bottom line result of +34%. In 2009 Scania Siam invoiced for 950 million baht, approx 211 million SEK (Falkstrand, 2010).

Scania, Siam Co., Ltd was set up in 2000 as a majority owned subsidiary of Scania CV AB of Sweden (parent company) to provide sales, assembly, service and part sales activities for Scania in Thailand (Scania's website).

### **4.2.1 Interviewed persons**

- Vichai Jirathiyut, Managing Director Scania Siam Co., Ltd, total 19 yrs for Scania
- Narongrith Ittisarnronnchai, Product Manager is responsible for training of the sales staff. Ittisarnronnchai is conducting pre-sales work with sales people together with customers preparing quotation tender, 4 yrs at Scania
- Phuriwat Rak-Intr, General Manager, Scania Siam Co., Ltd , sales and service, daily operation marketing, consult and finance, 1 year for Scania
- Johan Falkstrand, Service Manager, Scania Siam Co., Ltd. , 20 yrs at Scania

## **4.3 Volvos company culture**

Volvo uses their expertise to create transport-related hard and soft products of superior quality, safety and environmental care for demanding customers in selected segments. By creating value for customers Volvo creates value for their shareholders. Customer focus – Volvo work for their customers. Volvo is dedicated to meet customer's high expectations of today and their long-term requirements for the future (Volvos internal publication, The Volvo way 2009).

If employees are satisfied the customer will also be satisfied and it will in long-term create value for customer. One also has to bear in mind the different value people have and the cultural behavior. Building culture – Volvos culture is how they work together with energy, passion and respect for the individual. It is about involvement, open dialogue and feedback, diversity, teamwork and leadership. It is how Volvo builds trust, focus on customers and drive change. Volvo is a multi brand company.

The Volvo Group share common value and common equipments within the group. Volvo Truck and Bus Thailand is in a niche segment (Martin, 2010).

### **4.3.1 Volvos Business idea**

Volvo focus is on good solution, less fuel consumption than others, good engine and drive line. Volvo conducts driver training to teach drivers to drive safe and save on fuel consumption and this leads to less accident and it will result in satisfied customer. Volvo provides financial solutions via Volvo finance at customer place. Volvo is offering its customer a full package with good after sales service. Volvo makes most of its profit on the after sales service (Martin, 2010).

## **4.4 Scania's Siam company culture**

“East meets West” The management style is 75% western style and 20-30% oriental management style. One could say that Scania is compromising as adapting to local concept and inheriting western working philosophy to local staff (Jirathiyut, 2010).

The Scania group has no cooperation partners and full own merits, meaning that they own everything and it is the same set up for Scania Siam Thailand. The focus in Thailand is to develop the after sales market. Scania Siam has a Thai president employed, as the parent company believes that it is then easier to reach out to the customers (Falkstrand, 2010).

### **4.4.1 Scania's Siam Business idea**

Scania's objective is to deliver optimized heavy trucks and buses, engines and services, providing the best total operation economy for its customers, and thereby be the leading company in its industry. The foundations are Scania's core values, focus on methods and the dedicated people of Scania (Scania's website).

Scania is in the heavy vehicles industry with full transportation solution and after sales service in an emerging market like Thailand (Falkstrand, 2010).

Scania's customer shall obtain the best total operating economy in the industry. Scania shall achieve this by working with both the customer's operating costs, such as fuel economy and repair and maintenance, and with revenue-related factors such as load carrying capacity and uptime. Scania earn most of its profit on after sales services. Scania today, on the contrary from other heavy vehicle companies, have production in Europe (Sweden, Holland and France) and in Latin America (Brazil) and not in Asia. There are two reasons for this, historically Scania's main markets have been in Europe and in Latin America and the other reason is that the customer request for “Swedish” products. Today, there are probably, in actual facts, small differences in product quality between a European made product and “Asia” made products. Hence still Scania's customers in Thailand perceive “European” products as longer lasting, better performance and higher reliability. Scania's source parts and components from all over the world (including Asia) to build and manufacture trucks and buses. Though vehicle assembly for Thai customers is done in Europe and Latin America and this will remain so also in the future, Scania's products and their components are all marketed and branded “Scania” (Falkstrand, 2010).

Due to high quality and recognized durability Scania is a premium priced brand on the Thai market and hence the price leader. In direct comparison with a Japanese competitor with a higher content of local produced parts such trucks are marketed at half price. Scania Siam wants to make a difference with more to offer with quality after sales service.

This approach has been working out well so far and it is the same approach for the whole Scania group (Falkstrand, 2010).

Scania provides driver training that can help even the most experienced drivers to drive and it is very common that customers sent their own drivers for training. Scania Siam do also provide drivers if needed to customers (Falkstrand, 2010).

## **4.5 Hofstedes theory about cultural dimensions - Volvo**

When Christopher Martin joined Volvos organization in Thailand he had cross cultural management training to understand the Thai culture. The organization within Volvo Truck & Bus is flat with three layers. "Flat organization" refers to an organizational structure with few or no levels of intervening management between staff and managers. The idea is that well-trained workers will be more productive when they are more directly involved in the decision making process, rather than closely supervised by many layers of management. In addition it is a line matrix organization. The matrix structure groups employees by both function and product. This structure can combine the best of both separate structures. A matrix organization frequently uses teams of employees to accomplish work, in order to take advantage of the strengths, as well as make up for the weaknesses, of functional and decentralized forms (wikipedias website about organization).

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There are clear guidelines and objectives within the Volvo group. Objectives of the Group are clearly communicated to each employee and cascaded to the whole organization. The Volvo group's strategic objectives are based on customer's requirements and focused on profitable growth, product renewal and operational excellence.

There are strict guidelines for how to do business and if those rules are not followed it is not good for the group, as company culture is very strong according to Martin. Business has to be done according to Volvo Code of Conduct and respecting the Volvo Way (Martin, 2010).

There is a good team spirit in the company. Volvo invests a lot in management team consultant to make the employees feel respectful and gain self confidence. There is no specific competition between employees and Volvo has employee competition involving the best employee.

Every month, a hero of the month in Asia is chosen and information is sent to all employees via intranet. The hero is somebody who has done something exceptional like sales performance and behavior. There is an open atmosphere at Volvo and Martin's door is always open for everyone irrespective of positions. In the workshop there are constant follow ups on individual development. Every Friday the employees are wearing t-shirt and jeans with the motivation text - "give ideas and take the lead". Volvo Thailand has a flat organization; as much as possible, employees are asked to speak up. The key words are respect, passion and energy. There are personal business plans for all staff with key objectives. The aim is that every employee should learn and gain self confidence to speak up step by step. The organization is productive and the motive is friendly cooperation (Martin, 2010).

There is a good team in the company and everyone is working in the Volvo way to support each others to achieve company targets and also to make the highest level of customer satisfaction (Thammastien and Sirikittiwatn, 2010).

There are no specific environmental laws that the business is required to adhere to. Except that Thai government requires that the engines must meet the Euro 3 regulations. Euro 3 is required since March 2005 in Thailand and Volvo is able to meet Euro 5. Thai political situation affects business with unstable environment and a political corruption situation. Volvo's business customer relation is governed by code of conduct. Volvo is not restricted by heavy regulation by Thai government. "Though management style affect relationship as we are in Thailand and part of Volvo group". "We have to teach white and blue collar worker to speak up in different ways. Martin is mentioning that you are not able to change culture in one month it will take years (Martin, 2010).

In Thailand it is common that females can have access to management position. Relationship and quality of life is prevailed for Thai employees, as they want to feel at home in the company. Differentiation for salary increases between low performers and high performers has been difficult to implement, as Thai prefer to avoid internal competition. Thai people also want to avoid conflict and prefer to have a better relationship with a customer than to be focused on profit, so after long working sessions Volvo in Thailand eventually decided to have as a motto: "friendly cooperation and professionalism" within the organisation (Martin, 2010).

## **4.6 Hofstede's theories about cultural dimensions - Scania**

The organisation within in Scania is flat and there is a good team spirit in the company. Scania has adapted to western management style approach to educate local staff where everyone agree as friends and colleagues. In local companies it is very common that the chairman makes his own suggestion and no one else is allowed to make their own decisions. In the western management style there are no right and wrong, it is a democrat system with less senior approach and lots of open communication within the organisation "The employees can walk in to my office anytime irrespective of position". Scania also conduct in-house

communication via internet and notice board announcement. Scania tries to encourage employee's loyalty by showing Scania's working philosophy and involve staff in decision making to be able to work together and to know the situation. There is no competition between the employees as everyone is encouraged to show its ability.

There are also several technical staff program and the aim is to bring up the employees to a higher level (Jirathiyut, 2010). There is a good team spirit in the company and whenever there is a customer problem everyone try to help each other (Ittisarnronnchai, 2010).

Scania is not restricted by rules. There is less restriction than other local companies as Scania is considered a foreign company not a local company. There are no specific environmental laws that the business is required to adhere except that the Thai Government requires big diesel Engine with Euro 3 (Jirathiyut, 2010).

“Improvement groups” is a well known and well used philosophy within Scania, so also within Scania Siam. In Thailand these groups have been formed and thorough training has been carried out. The philosophy in brief is that the staff themselves shall come up with ideas what needs to be improved and which way is the best way to do it (Falkstrand is mentioning that it does not mean that they have to carry out the proposed actions). This philosophy has worked out well within Scania's European organization, but the result in Thailand has not been that successful yet. The reason is that the actual groups do not work because staff is afraid to come up with ideas and wait for the manager to speak, actually do all the speaking. Scania tried by removing supervisors from the groups to have the discussion to start up for an example in the workshop but it did not work. It seems as if staff rather sit and wait for a solution to be served to them according to Falkstrand (Falkstrand, 2010).

## **4.9 Market segmentation Volvo**

The market and the customers are segmented after 2 main dimensions; customer dimensions and business application. Customer behavior involves different price levels and operating costs. There are different marketing strategies to those segments.

The sales force consists of five sales persons. The sales are divided into different areas; south, east, north and central of Bangkok. Each sale person has individual sale target to achieve. Thammastien is covering fleet customers and special applications such as government section, fire fighting rescue truck and military. Fleet customer is referring to those customers who has trucks in fleet at least 50 units and are mostly purchasing more than 10 units in each order. Special application, customers in this segment requires special truck specifications which normally are not able to use trucks in Volvo stock (Thammastien, 2010).

The segmenting of the market and customers and the positioning is adapted to the Thai market, as well as the marketing and strategy plan. They are adjusted annually into currently market situation. There are internal sale meetings 2 times per month where ideas and information are shared about market situation in each responsibility segment. Therefore the focus is on potential customers and segments that Volvo's products are suitable to serve their

customers needs. Market strategies and activities will then be settled to support potential customers and segments as well (Thammastien, 2010).

## **4.10 Market segmentation Scania**

The sales force is organized by area. 10 Sales staff's are responsible for the city area and the rest of Thailand. 2 sales staff are in charge for the truck, 2 – bus, 5 - spare parts. The spare part sales force responsible area is separate by geography (Ittisarnronnachai, 2010).

The segmenting of the market and customers and the positioning is adapted to the Thai market. There is a business plan to follow up this once a year. The marketing and strategy plan is also adapted to the Thai market. The segmenting of the market is done by applications of customer; mining, long haulage and distribution for truck. For positioning the market is classified by wheel configuration, specification, and pricing. When the customer buys Scania's products they are deciding on the following criteria's; fuel consumption, reliability and total operating costs (Ittisarnronnachai, 2010). The segmentation of the vehicle is done by separating the application type by Mining and Construction, Food and Beverage, Container haulage and fuel & gas (Jirathiyut, 2010).

The target groups that Scania focus on are customer with “up time” - customers who priorities are high in time delivery. For example customer that takes tourists in buses to the airport cannot accept any delays, as well as TNT and DHL transportation. Dangerous goods transportation like oil has to be safe and delivered on time. It will be very expensive for the customers if the buses or trucks break down. They have to be on the road the whole time running. (Falkstrand, 2010)

## **4.11 Sales Forecasts and Market surveys for Volvo**

Sales Forecasts are done via a customer management program. Thammastien has meeting twice a month with his Manager in regards to sales forecasts. Sales forecast are done on a monthly basis (Sirikittiwatn). Customer market survey is outsourced to a specialized company (Thammastien, 2010).

### **4.11.1 Customer Survey for Volvo**

Customer survey is done on a monthly basis. Whereas brand and CSI - Customer Satisfaction Index is done on a yearly basis. CSI is done by a outsource company on a monthly and yearly basis. Once the result is received from the survey Volvo is able to see the areas that are weak and result in a low Customer Survey Index. Based on this, Volvo is then able to specify the action to improve areas mentioned above. As Volvo is not able to improve all the areas, a focus will be on the most critical areas. To follow up on this there is a monthly CSI improvement meeting driven by MD and Head of Departments to make sure that they are on track. Sirikittiwatn is mentioning that once they have focus on the areas to improve, Volvos actions most of the time will help to improve the CSI of the next year. (Sirikittiwatn, 2010).

Volvo also conducts ESI – Employ satisfaction index on a yearly basis (Martin and Thammastien, 2010).

## **4.12 Sales Forecasts and Market surveys for Scania**

The sales forecast is reviewed and revised each quarter, as well as the activity plan and business plans budget. Depending on the market situation and believe for potential customer in pipeline or on hand is reported to top Regional office and quarterly to Sweden. Sales forecasts are issued every quarter. The sale volume is updated monthly in the management meeting and at the same time the total market from competitor can be estimated. Scania is trying to work to budget figure as plan for the year but in reality the market situation is changing all the time with several factors (Rak-Intr, 2010)

### **4.12.1 Customer Survey for Scania**

Scania is conducting a customer satisfaction survey every two years by an independent company. The latest one was issued in 2008 (Ittisarnronnchai and Rak-Intr, 2010). After Scania receive the report results from the “Customer Survey” management meetings will be held involving all of the operation head where areas to work on are selected and action decided. Each department head will be asked to come up with an action plan to improve the situation. Jirathiyut thinks that it is a useful tool to identify areas for further improvements. “It is a challenging task to follow up the action plan and we are satisfied to see improvement in some areas” (Jirathiyut, 2010).

## **4.13 Business Marketing Communication Volvo**

### **4.13.1 Advertising**

There are no set goals nor follow up action on results from Volvo’s advertising and campaigns, it depends on the types of channel. The advertising is done in truck and logistic newspaper, magazine, logistic website and Volvo direct mail and sms. The same advertising insertions are done on a quarterly basis (Sirikittiwatn, 2010).

### **4.13.2 Sales promotion**

Potential customers are identified from type of transportation, route and operation. Volvos product involves transportation and each transport type has differently required truck specification. Thammastien sent e-mail to existing, potential and new customers every time that Volvo has a new product or promotion though he has to talk directly to customers before sending email to them. (Thammastien, 2010).

### **4.13.3 Personal Sales**

Thammastien is always visiting 5-8 existing customers per week. Around 80-90% of existing customers are retained yearly. Thammastien mostly meet with company owner or managing directors when he visits customers.

Every potential customer needs to be followed up, as it is part of the sale process. The top five customers are evaluated every month. Volvo Magazine and product information are sent to customers quarterly. Thammasstien is using a Customer Management Software Program for customer relationship in regards to key accounts and competitors (Thammasstien, 2010).

A customer visit is planned and managed by individual sales person. Sirikittiwatn conduct customer follow ups on bi-weekly basis. There are internal directions how to conduct a customer visit. The potential customers are evaluated on a weekly basis. The individual sales man has to register customer data after every visit into Volvos system which is web based. Sirikittiwatns sales assistant will then make a summary that will be reviewed every 2 weeks by Sirikittiwatn (Sirikittiwatn, 2010)

Volvo sales direct and is focusing on the following target groups (Sirikittiwatn,2010):

- The customers who require high safety features (petrol-chemical segment)
- The customers who required real heavy duty trucks (mining and heavy haulage)
- The customers who required tailor-made vehicles (governmental tenders),

The marketing job in Thailand is split into 2 areas (Sirikittiwatn, 2010):

- Strategic Marketing – this is related to product and pricing
- Brand & Communication, CSI – this is related to brand image, external communication, and the improvement of Customer Satisfaction Index.

Sirikittiwatn thinks that Volvos success depends on a successful marketing job.

Volvos products will demand the following communication in the future according to Sirikittiwatn:

- Short/medium term – logistic magazine, direct mail, sms, exhibition
- Long term – exhibition, twitter, internet

Martin is convinced that Volvos success depends on a successful marketing strategy in Thailand. On the question what is the most important marketing communication tool in the future -Martin is against big events like TV shows, radio and billboards. Instead of using internet Martin believes in meeting the customer face by face or via events to understand their needs in order to create customer relationship. Martin thinks it is important to know everything about the customer; his workshop, last issue, hobby and family. If maintain in a proper way the relationship with the customer will be successful with high loyalty. (Martin, 2010)

Thammasstien would like to have some more truck specification sheets and catalogues in Thai and attractive presentation materials for his marketing work, otherwise there is nothing that he misses out (Thammasstien, 2010).

#### **4.13.4 Exhibitions and customer seminars**

Thammastien is arranging seminars out at customers for existing customers involving product knowledge, lower operating cost and safety transportation. Normally seminar topics are settled to enclose product strength points to support sales. It is unknown how many customers that are retained because of exhibitions, as it is part of selling tools. There are no exhibitions for potential customers. Twice a year truck shows are set up in cooperation with truck association (Thammastien, 2010).

#### **4.14 Relationship marketing Volvo**

The key to the business is the customer relationship. The truck customers are met face to face. Martin does about 100 customer visit per year. Volvo communicates with the customers by visiting them. It is important to employ staff with a social networking and with the right background. If the employee is a graduate from one of Bangkok's most well known universities "they will adapt easier and they will also be able to learn the new business faster". The advantage is that the person will have a good social networking in the society, so that he or she can take advantage of this when doing business. Working experience is also important and the best is if a person has both experience and the right education. Martin is a member of the Swedish Thai chamber of commerce (Martin, 2010).

The Chamber was formed in 1989 and has established itself firmly in the international business community in Thailand. The organisation has over 100 Members. The Chamber conducts an essential role in the Thai Swedish business and through its membership of the joint foreign Chambers of Commerce in Thailand it identifies businessmen's problems and opportunities, seeking support in Thai Government policies to address these issues. Through an active Chamber Program Committee, interesting guest speakers from the top of Thai administration and political life will appear. Also foreign guest speakers give member a constant update on current issues, local as well as global. The Chamber provides regular opportunities for members to meet and network through a variety of functions and activities (Thai-Swedish chamber of commerce website).

There is a customer visit plan in-house and how often to visit or keep relation with a specific customer depends of the segmentation of the customers and the loyalty. Martin visit around 10 customers per month. Playing golf and entertaining the customer with dinner and karaoke is one way for Volvo to keep the relationship and loyalty to its customers. VIP events are also arranged for the customers for example 50 customers were invited to the Shangahi Expo this year.

As the key event is the fuel consumption Volvo conduct competitions among customers focusing on how to drive more sufficient to save cost. The driver will then get more involved and will learn how to drive more fuel sufficient (Martin, 2010).

Sirikittiwatn knows the key customers very well, as 50% of the time is spent on interaction with customers. Thammastien also knows the customers very well as Volvo truck in Thailand is not easy to sell, as its price is higher than the Japanese. Thammastien has to spend more time with customers to convince them to buy Volvo instead of competitors. The interaction with the customer is mostly done in product and after sales service. Thammastien takes advantage of his social networks as some of the customers bought Volvo truck because of relationship (Thammastien and Sirikittiwatn, 2010).

## **4.15 Business Marketing Communication Scania**

### **4.15.1 Advertising**

The marketing job on the Thai market is done via direct marketing to customer via in-house magazine and customer technical magazines with lots of customer represented by customer's stories and interviews. Scania is targeting a customer segments in a niche market with no local production, the truck and bus magazine is a logistic part of marketing to reach to the customers (Rak-Intr, 2010).

Scania conduct seasonal fixed campaigns. For example during the raining season they might provide discount on spare parts. During the Song Kran festival, which is the most celebrated festival in Thailand that goes on for ten days many people are going home to relatives. Scania is then running campaigns for preparing and monitoring your vehicle. (Rak-Intr, 2010)

### **4.15.2 Sales promotion**

Enquiry presentations are done by sales staff or sales manager. If sales staffs have good connection with family companies sales promotions will be offered. For big organisation like TNT, Tesco and contractor Schabroon Caltex spare parts promotion is done quarterly. (Ittisarnronnachai, 2010)

Scania is conducting sales campaign for example Scania driver competition where invitations are sent out to 1 800 drivers for trucks and buses and it involves "Driver of the year". The main problem is that drivers like Scania due to the quality but the owner is only referring to the price and Falkstrand is mentioning that it is difficult to reach out to those customers (Falkstrand, 2010)

Scania also do regularly driver training activities for customers and every 3<sup>rd</sup> year Scania conduct a customer event called "Scania Driver Competition". In this competition the best driver is announced based upon theoretical skills and driving skills (both truck and bus). Both activities are important marketing activities to reach drivers (daily users) and company owners (decision makers) according to Falkstrand (Falkstrand, 2010).

There are several channels to identify potential customers, e.g. Customer Association name list, Authority which approves the operating license and Customers friends. Information about new product or sales promotions are sent to customers via customer visit once every 2 months and via in-house magazine once every 4 months (Vichai Jirathiyut, 2010).

### **4.15.3 Personal Sales**

Scania conducts direct sales – direct customer visit hands on. The sale force consists of 5 sales staff and 4 after sales staff. Scania separate truck and bus sales into 2 departments (Jirathiyut, 2010). Ittisarnronnachai calls customer once a month. 70% of the customer is retained yearly. If the customer is a family own company the customer visit will be organized at the private house of the customer.

The customer that Scania is dealing with are from every level; operational, top management and sometimes the driver as the owner of the company wants to hear his opinion (Ittisarnronnachai, 2010).

Ittisarnronnachai follows up and evaluates potential customers constantly. There are schedule plan for follow up on customers. Sales teams call customer at least once a quarter. High potential customers are contacted more often by call or visit. "By following customer, we can know and understand the customer current situation". For Vehicle sales there is a data bank that provides a profile of the history of each customer relationship, identifying key decision makers, isolate past purchases across all product lines and profile the customer's requirements and potential but it is not organized so well. There is no customer relationship management software information about key accounts and competitors yet (Ittisarnronnachai, 2010).

The current strategy is to maintain the volume and the focus is more on the vehicle market than volume sales, hence healthy business within the customer base has priority. The current marketing strategy has lead to a 20-25% increase. Before, staff waited for the customers to call or come for a visit at the office, as they were afraid about complaints from customers. Another approach today is to be out at the customer and solve the problems. Staffs are wearing Scania t-shirts with logo both internal and external and stickers are also provided for private cars with company brand. (Falkstrand, 2010).

There are no specific target groups that Scania is focusing on; it depends on type of operation. Scania focus on long distance high mileages group and heavy duty groups. In the future the products will demand the following communication; Website, direct mail, in-house magazine every 3 months sales promotion sales news (Rak-Intr, 2010).

The most important marketing communication tool in the future will be Internet, web access direct information to end user and in house magazine according to Jirathiyut (Jirathiyut, 2010).

For the future Falkstrand suggest that Scania should work more on driver competitions and to get the people involved in the products by for example bringing demonstration trucks and buses that the customers can test drive. Then let the customer keep the trucks and buses for about one week and then provide a survey to see the result. And also to work with the authorities in regards to environmental issues that Scania's high quality products are able to meet. The trucks and buses will be more technical advanced and customers will be more technical aware in the future. (Falkstrand, 2010).

Falkstrand is further mentioning that they have been too passive and that Scania need to be more offensive to reach out to the customers that likes the Japanese suppliers. The Japanese suppliers today dominate the Thai market both in aspect of deliveries of new products, as well as in network coverage. Scania is picking up the pace in both aspects but need to focus more on customers which have been using Japanese products for a long time (Falkstrand, 2010).

Maintenance and repairing between a European product and a Japanese product in Thai market makes a significantly different. The European products are more sophisticated and need a "higher" level of competence to service. Though, the benefit with a correctly serviced European product is that it provides much better operational cost for the owner. On the other hand, if not serviced and repaired correctly (if done in the "old traditional way") it will just be an expensive piece of machinery and if worse come to worse, damage the supplier brand reputation. "To summarize, we need to focus our marketing towards this customer group, to

explain the large benefits in aspect of lower operational cost and at the same time train them in what is needed from their side to maintain the benefit a new Scania can provide them with” (Falkstrand, 2010).

Existing customer is visited once every 2 months or quarterly. But if the customer is in the procurement process, then a visit will be conducted every week. Around 70-80% of existing customer is retained yearly (Jirathiyut, 2010).

For the customer visit the sales force will make a weekly visit plan and then follow up the plan and report the outcome in the following week. In general, the sales force visit several level of hierarchy in a customer organization, e.g. driver, fleet controller, repair and maintenance manager. It is only in the decision making period where the sales force meets purchasing department and top management, in case of bus operator Scania's sales talks to the owner. Scania's do weekly follow up with the sales forces for customer follow ups. The top five customers are contacted monthly. As Scania is dealing with industrial products they seldom sent catalogue, it is rather about personal visits. Scania don't have any customer relationship management software information about key accounts and competitors, though Scania have a customer data bank, but not on the key decision makers (Jirathiyut, 2010).

#### **4.15.4 Exhibitions and customer seminars**

Scania participate in exhibitions at customer meetings and Scania also conduct events via bus and vehicle associations. Scania provides routine test for drivers annually and seminars at customer are followed up via contractors. Scania organize customer driver and mechanic training but no seminar. It is followed up via sales visit event. Scania doesn't participate in any exhibitions. They only hold seminars for customers. When Scania have new products to launch they conduct product exhibitions from time to time. The reason why Scania doesn't participate in any big exhibitions is that there are no good exhibitions for heavy vehicles in Thailand (Jirathiyut and Ittisarnronnchai, 2010)

#### **4.16 Relationship marketing Scania**

Communication with customers is important for relationship marketing. Customer events and exhibitions are arranged via transportation organisation. Golf and dining events are done by sales staff. Other organised activities with customers are bowling and get together in the evenings (Jirathiyut, 2010).

It is important to employ sales staff with a social networking. Jirathiyut is a member of the Swedish Thai Chamber of commerce. Some of Scania's customers are family companies where the owner might be the father and also responsible for the purchase. In such a case it is very common that the eldest son is the one who run the business. There are many cultural aspects to take into consideration when dealing with family business. The sale person must know how to approach fundamentally and wisely. For example it is not preferably to schedule meetings before lunchtime, afternoon or at midnight. New Year gifts are given to customer but is has to be given within Dec. 15- Jan 15. If customer relates to strong Chinese family Scania will then offer them gift during Chinese New Year. The most important thing for supplier to be aware of is to never talk of account receivable with customer on the first day of Chinese New Year (Jirathiyut, 2010).

Ittisarnronnchai interacts with customer almost every day and it involves old, existing and new customers. As Scania is operating in a niche market the groups of customers are small and everyone knows each other by word of mouth. The customers have their own social networks for example for truck sales the customers are members of a truck association, as well as the bus customers are members of the bus association. It is important to have good networking with the executives within the transport associations (Ittisarnronnchai, 2010).

Rak-Intr also knows the customers very well as he interacts with customer quite often. He takes care of the truck and bus group and meets customers via truck and bus associations (Rak-Intr, 2010).

The marketing job in Thailand is all about personal contacts. “At the office we try to move around internal personal after some years, as some of the staff has been on the same position and desk for 10 years” (Falkstrand, 2010).

## **4.17 Education Volvo**

Volvo employee both experienced and inexperienced staff depending on the situation and position, staff start with internal training, then undergo external training be for advanced levels. The sales staff seldom visits other Volvo companies. Sirikittiwatn thinks that he has all resources for his marketing work is quite okay at the moment (Sirikittiwatn, 2010).

Thammastien had some experience from sales and marketing job before he joined Volvo. When he started he had internal product training and he has all the training he needs, as his manager always asked what training he wants. Thammastien continually visits Volvo dealers in Thailand but for other countries not that often and he has only been two Sweden twice in 15 years (Thammastien, 2010).

## **4.18 Education Scania**

Ittisarnronnchai had a lot of experience from sales and marketing job before he joined Scania. There is no specific sales training for local sales staff. Sales staff gets internal training. There is presale training once year. Ittisarnronnchai, 2010 don't really miss out anything from his internal training though he has learnt a lot by experience.

Ittisarnronnchai has been to the regional office in KL many times and in Singapore as well and to Sweden five times (Ittisarnronnchai, 2010).

When new employees start the company general product knowledge training will be provided. It will be followed by social welfare and benefit explanation to all of the staffs. Managers on relevant levels will visit other Scania subsidiaries within a neighborhood. There are some exceptional cases where managers are sent to visit Scania head quarter in Sweden (Jirathiyut, 2010)

# 5. Analysis

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*In this chapter the empirical material is analyzed based on the interviews in line with the theory references issued. Also a discussion based on the problem questions from the introduction chapter will be conducted. The analysis will be the base for the conclusions that will be in the end chapter.*

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## 5.1 Hofstede's theory about cultural dimensions

In Thailand the power distance level is higher than the level in Sweden. Power distribution tends towards hierarchical power sharing in Thailand while it tends towards a flat one in the Scandinavian countries. In the hierarchical model, the older or higher one is, the more power is concentrated on that person and it is that person who has an opinion on how things should be done and what is right or wrong. However in flat model, the relationship is open with everyone having access to an open discussion for sharing opinions and in general, ideas with the highest evidence to back it up is selected.

Based on the response from the employees, it can be seen that Scania operating in Thailand practice mixed organizational models. In order for the employees to feel and become involved, flat model is used. This facilitates transmission of information regarding customer to the person who should take necessary decision and each employee have the possibility to participate in the decision making process. If the person to take the decision is not available, the task is easily delegated which reduce bureaucracy and shorten supply chain. The flat model is connected, the Scandinavian culture of always aiming for “co-operation, seeking consensus, informality, non-hierarchical approach, egalitarianism and decency” (Hansen, 2006). A customized version of traditional hierarchical model is also used but in loose fashion by defining a frame work so that law and order is still maintained and authority and responsibility is allocated to specific persons or specific team. Scania although historically assemble its products in Europe, it decided to have its assembly plant in Europe and Brazil instead of Asia because of the cultural believe that products from Europe have superior quality to those manufactured in Asia even though nowadays there is little or perhaps no difference between products made in Asia or Europe. This demonstrates how critical production location decision can be influenced by culture. Volvo operates a similar model to that of Scania.

### 5.1.1 Power distance Index

In Thailand, Power Distribution Index (PDI) is high with probably all the decision making done from the top, lower level and employees do not influence decision making. They simply obey the orders laid down by management even if they are unfavorable. Scania is making an effort to reduce the Power Distance Index level within the company.

An example of this effort was given by Jirathiyut when he mentioned that his door is always open and all employees are free to walk into his office anytime irrespective of position. Employees are encouraged to take ownership thereby making them involved and participate actively in decision making and problem solving. We believe to make the job interesting

internal personnel are shuffled from time to time, so that they can have new challenges which stimulate drive and make the job more interesting putting emphasis on team effort rather key persons. By placing emphasis on the team PDI is reduce. This reason is why Ittisarnronnachai has the opinion that “there is good team spirit in the company and whenever there is a customer problem we try to help each other”. Falkstrand also said “The marketing job in Thailand is all about personal contacts. At the office we try to move around internal personal after some years as some of the staff has been on the same position and desk for 10 years (Falkstrand, 2010).

Volvo is also making efforts to reduce the Power distribution level. It actively encourages its workforce to be self confident. They are often allocated to task where their self confidence can be put to test to reinforce the theoretical training with a practical one. The outcome of reducing the PDI is a feeling of good team spirit and the goals and objectives of the organization is easier to embrace. In the words of Thammastien there is a good team in the company and everyone is working in Volvo way to support each others to achieve company targets and also to make the highest level of customer satisfaction. Scania and Volvo focus on team work and team contribution which is a driving force for decision making and problem solving.

### **5.1.2 Individualism (IDV)**

Scania applied some hierarchical traditional model in its external marketing to retain clients. Some of its clients are family owned businesses run by the head of the family. By having good relationship with this person the procurement for their product is maintained because whatever the head of the family decides is what is acted upon. This can be explained by the low individual index of Thailand where there is respect for age and the people believe there is a correlation between age and wisdom. Volvo also has some family owned business as customer. It markets itself as company where the same service and product quality and customer treatment can be obtained by customers independent of where Volvo is located around the world. Volvo describes it as the company culture. It focuses on customer with specific needs such as high product quality and customization. Volvo representative identifies the contact person or decision maker in the company owned business, it uses software program to identify potential customer and identify key customers among existing customers. This marketing method seems to be working for Volvo as it reported that this approach has allowed it maintain between 80%-90% of its customers.

### **5.1.3 Masculinity**

In correlation with the findings of Hofstede about Thailand, Martin affirms that there is low masculine domination at Volvo. The criterion for growth is performance and both male and female employees have equal opportunity to grow in their career. However, it has been difficult to compensate performance. The difficulty arises from high avoidance of conflict among Thai employees. They prefer to be compensated as a group to prevent internal competition. As they prefer to work towards maintaining harmony amongst employees and keeping customers happy, this could be connected to high uncertainty avoidance index in the Thai culture despite effort by Volvo to reduce it.

### **Uncertainty avoidance (UAI)**

Thailand rank of 64 is slightly higher than the Asian average of 58. However, the working environment at Scania and Volvo does not reflect this high ranking, instead it is much lower.

This is because the working environment is friendly, all employees independent of the position are allowed to contribute, there is easy access to management among junior employees, and there is a conscious effort to build employees' self-confidence. This has increased the companies' tolerance for unexpected situations as the employees are getting better equipped to handle uncertainty. It is worth stating that in a country where people and members of governments, civil servants, employers and employees have been programmed since their early childhood to feel comfortable in structured environments that avoid uncertainty (Hostedte 1991, p. 120), it could be difficult to implement this new way of working. This is probably why the improvement group program that works in the Scania group has not been very successful in Thailand as employees are used to taking orders from superiors and have not been allowed to use their own initiative.

In regards to daily work, employees are moved around after some years. This act could also help to reduce the uncertainty avoidance because they can have new challenges on the job and reduce the fear they may have of not being able to perform on new tasks and responsibilities.

## 5.2 Relationship marketing

Volvo's managing director (Martin) participates in meet-ups that provide a meeting point for customers and companies, one of the associations is the Thai-Swedish chamber of commerce. At these associations, relationship and confidence are built. These two factors are important to gain trust necessary for entering into a business transaction. Other informal methods used to perform relationship marketing include customer invitation to game of golf, dining. This is used to encourage real friendship between the managers of Volvo and customers which can be leveraged when closing business deals with them. There is a customer visitation plan to ensure that all customers including potential customers are visited all year round. This demonstrates commitment from the management team to understand their customers and adapt their process and products to satisfy customer needs. Constant visit could also make the customer feel important. This is an important factor because it is not only necessary for the product to be of good quality, client will always go back to a business where they feel the business has genuine concern to meet their needs or requirements.

At Scania, the managing director (Vichai Jirathiyut) also participates in meet-ups, the company calls up by phone and also has personal visits at customers to maintain the relationship. However, it seems employees do not visit customers as frequently as at Volvo. To boost the relationship between Scania and its customers, it organizes activities such as golf competition, evening get-togethers and giving of gifts during celebrations such as Christmas and New Year. A good practice by both companies is constant contact with their customers. They have been able to redefine the word "cheap". It is said that the Japanese trucks are cheaper than the Scandinavian trucks. The two companies re-educated their customers to understand that the price is only part of the experience. In Scania and Volvo purchase deals, truck drivers from their business partners are sent over for training, close collaboration with business partners on what could be improved. They also offer seminars to inform the importance of quality which transforms into less need to service the trucks. It is difficult to re-orient one who just considers the purchase price without considering other costs but once convinced most are retained.

With a high rate of customer cede to competitors in the two companies by an average of between 15% and 25%.

### **5.3 Customer and market survey**

Data collection service at Volvo is outsourced to a consulting firm and a survey report is delivered to them on a monthly and yearly basis. This information is store in a relationship management system which is used to understand the customer and make decisions to improve the “Customer satisfaction index (CSI)”. CSI is improved by identifying areas that needs to be improved selecting the most critical ones, set-up an action plan. This action plan is worked on in the following year. Sirikittiwatn informed that in most cases, the action implemented improve the focus area. Subsequent actions are always based on survey of preceding year. This point is vital because it shows that the most urgent and current problem that the customer is facing regarding their product is handed quickly.

### **5.4 Market segmentation**

Scania segmentation can be categorizes as need-based segmentation (Roger, 2005). It identifies companies that are family owned with need for heavy duty trucks as potential segment. It also identifies companies with high uptime as a promising segment for its business as these cannot afford to be delayed and the guarantee on quality of the automobile is highly important and a break-down is not acceptable, this guarantee is what Scania can provide. The segmentation plan is reviewed yearly to decide if they should continue to do business with chosen segment. Another broad segment focused on by Scania is the customers that buy from Japanese supplier. Falkstrand believes the company needs to be more offensive in order to make significant stride in this segment. However if they are able to convince the Japanese customer to switch to their products it will make them a bigger supplier in Thailand, as Japanese products dominate the market. Falkstrand said “we need to focus our marketing towards this customer group, to explain the large benefits in aspect of lower operational cost and at the same time train them in what is needed from their side to maintain the benefit a new Scania can provide them with”.

### **5.5 Business Marketing Communication**

Both Scania and Volvo use a global advert that is customized to the local market incorporate cultural features of Thailand. This is a good way of advertising because the locals could relate better to the advert. Scania operates in a niche market and conduct seasonal fixed advert. It is not enough to conduct this type of advert without measuring its effectiveness. Effectiveness measurement would have given Scania feedback on the amount of customers reached, the amount of customers retained through advertising. Volvo has specific advert for the different channels it uses for advertisement. Besides this it uses different advert for the different customer types. This is a plus because the profile of customer groups maybe different. However it has the same draw back as Scania, there is not effectiveness measurement and the same set of adverts are utilized over and over on quarterly basis. There is a chance that the advert maybe obsolete.

As the market that the two companies’ server is niche, we agree with martin that it may not be effective to make adverts on major media like TV. TV advert can reach lots of people that may not necessarily be potential customer.

Volvo has a CRM system used to keep price quotation and purchase history of each customer.

Thammastien is using a Customer Management Software Program for customer relationship in regards to key accounts and competitors (Thammastien, 2010).

Internet is not currently being extensively used as a medium for business communication

## **5.6 Employee survey**

Scania is not currently performing employee survey and Volvo does it yearly. It is important to have the opinion of employees about the flat model of work (i.e. the Scandinavian way of working) that has been introduced and determine how they are adapting to it.

## 6. Conclusion

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*In the conclusion chapter a final discussion which will be based on the analysis that was carried out and its outcome. Recommendation on developing and improvement will be given and also suggestions on future studies to be presented.*

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The authors' aim with this study was to evaluate Volvo and Scania as case study of Scandinavian heavy duty auto industry operating in Thailand, and provide recommendations on what they could improve to increase market share and customer satisfaction. Based on the analysis made, below are some important findings we made during the course of our investigation:

The authors examined how the companies customized their marketing efforts to the local culture to improve relational marketing. The companies know the importance of understanding the Thai culture and adapting to it. They adapted by applying the flat power system of work in Scandinavian countries to Thai hierarchical system. The adaption was used to equip employees contribute actively to business process and take ownership of tasks. This flat power system helped to improve market share, customer satisfaction and retention. The introduction of Scandinavian way of work improved team spirit and removed bureaucracy in solving customer problems.

The companies understood the importance of relational marketing and the authors examined the efforts made by the companies to sustain the relationship they have with their customers. They were in close communication in different ways, which includes advertisement, local websites, sales promotion, personal sales, exhibitions or seminars. This communication happened at all levels, from the managing director to the sales person. This enabled the companies retain most of their customer and maintain their customer's loyalty. Beside business related communication, they created social network with their customers by having social events and activities. This probably produced friendship between them and their customer companies and these customers which was also important for customer retention.

The companies know the importance of customer information. Data collection was performed frequently to get feedback from customers acknowledgment, complains, satisfaction with product, etc. This enabled the companies to identify what they are doing well, what could be improved and should be stopped. This information was vital for the manufacturers because it enabled them utilize their resources efficiently in meeting customer needs. However, the collected information was not optimized.

Scania targets the same customer as the Japanese brands and this coincides with Falkstrand statement that "Scania need to be more offensive to reach out to the customers that likes the Japanese suppliers". We observe also that Volvo might have chosen to be defensive.

Scania's sales promotion to small customers depends highly on connection of sales staffs. This way it could loose a chance of retaining good customers because if a customer does not know, he might purchase product at a higher non-competitive price which will dissuade him from repeating purchase. They might need to come up with another sales promotion method.

Finally, the authors discover the importance of constantly educating the sales staffs. This equipped them to efficiently communicate and ingratiate themselves with customers. Volvo engaged in both external and internal training while Scania gave the sales staffs, only internal training.

Scandinavian heavy duty truck companies have a very small market share in the Thai market with biggest share going to their Japanese counterpart. Scandinavian companies are defensive in their marketing strategy and will need to be more offensive if they are to increase their market share. A large amount of their marketing budget is used to attract first time buyers because the two companies retain 75% to 85% percent of customers yearly. This means that between 15% and 25% of their market resource is wasted; this needs to be addressed so that maximum benefit can be achieved from their invested resource.

Much has been done by the two companies in understanding Thailand culture and their customers and in communication their products to the market. However, there is still room for improvement which could help them increase their market share and retain more customers. The authors have identified the following has what can be improved:

- Homepage needs to be in a language of the country understood by its customers including the drivers of the trucks who may not necessarily be learned. Besides being in the local language, it needs to be update frequently with up to date information and appear to be alive. For example Scania's webpage was last overhauled in 2008, there are links to a magazine called Griffin today. This magazine is outdated and was an edition printed in 2009. Both website of Volvo and Scania transmits information but there is no channel for customer to transmit information to the companies. There should also be relevant functionality such as customer service available online.
- They could both identify areas of common interest where they could work together for example business communication, they co-sponsoring exhibitions and competitions and have products from both companies on display. This will reduce cost of sponsoring these activities alone.
- Identify key customers and assign account manager to them.
- Better optimize the data from customer survey. This could lead to the answer for why many customers are lost each year.
- Scania and Volvo might need to review their decision of importing their products from Europe to Asia. It is true that in the past people from developing countries believed that auto products made in Europe is superior to those manufactured in their own country. On the other hand, times have changes and most big manufacturers are moving to Asia it has been predicted that soon automobiles used in Europe will be imported from Asia (CNN, 16/08/2010).
- There is a long period between the time data is collected, analyzed, action taken and feedback receive based on the action. They should identify an alternative to shorten the time period.
- In Scania customer relationship software should be purchased. It helps to better manage their customer base.

- In order to facilitate cultural integration at the work place, An idea is to have employees from Thailand subsidiary visit the head office in Sweden periodically

## **Proposal for further study**

There is still much to be explored in the area of impact of culture on B2B marketing. Below are areas that could be studied as further studies.

- We have approach this topic from the point of view of the company, it will be interesting to analyse from the point view of the customer. This could be done by performing a survey of their major customer.
- Another possible study is to compare Swedish companies with the Japanese companies to identify what could be done differently to gain market share.

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## **Appendix 1**

### **Semi-structured interview with Narongrith Ittisarnronnchai, Product Manager at Scania Siam Co., Ltd on June 1, 2010 at Scania's office in Bangkok**

#### **Introduction question**

1. What position do you have and what are your tasks in the organization?
2. How long have you been working for Scania?

#### **Hofstede's theories - cultural dimensions**

3. Is there a good team spirit in the company?

#### **Relationship marketing**

4. How well do you know your customer – do you often interact with them?
5. Do you take advantage of your social networks?

#### **Market segmentation**

6. How is the sales force organized?
7. Which region do you cover?
8. Do you think that segmenting of the market and customers and the positioning is adapted to the Thai market?
9. Do you think that the marketing and strategy plan is adapted to the Thai market?

#### **Sales Forecasts and Market surveys**

10. Did you ever do any market survey on your customers?

#### **Sales promotions**

11. How are potential customers identified?
12. How often do you send direct mail or email to existing, potential and new customers in regards to information about new product or sales promotions/campaigns?

#### **Personal Sales**

13. How often do you visit your existing customers?
14. What percentage of existing customer is retained yearly?
15. Can you explain how a customer visit is organized?

16. Which position does the customer have that you meet – top management or someone from the purchasing department?

17. Do you do any customer following ups and how often do you evaluate your potential customers - top five customers?

18. How often do you sent catalogues per mail to customers?

19. Do you have a data bank that provides a profile of the history of each customer relationship, identify key decision makers, isolate past purchases across all product lines and profile the customer's requirements and potential?

20. Do you have any customer relationship management software information about key accounts and competitors?

### **Exhibitions**

21. Do you have seminars at your customers?

22. How do you follow it up?

23. Do you participate in any exhibitions?

### **Training**

24. Did you have any experience from sales and marketing job before you joined Scania?

25. Which type of introduction and internal training did you get when you started?

26. Did you miss out something from your internal training?

27. Did you visit any other Scania subsidiaries and how many times ?

### **Ending question**

28. Do you have all resources for your marketing work or is it something that you miss?

## **Appendix 2**

### **Semi-structured interview with Phuriwat Rak-Intr, General Manager at Scania Siam Co., Ltd on June 1, 2010 at Scania's office in Bangkok**

1. What position do you have and what are your tasks in the organization?
2. How long have you been working for Scania?

#### **Competition**

3. How is the competition situation?
4. What role does competition play in shaping marketing strategy?

#### **Marketing**

5. Do you sell direct or via distributors?
6. Which target groups are you focusing on?
7. How is the marketing job done on the Thai market?
8. Do you think that your success depends on a successful marketing job?
9. Which communication will your products demand in the future?

#### **Hofstede's theories - cultural dimensions**

10. Is there a good team spirit in the company?

#### **Relationship marketing**

11. How well do you know your customer – do you often interact with them?
12. Do you take advantage of your social networks?

#### **Marketing segmentation**

13. How do you segment the market and your customers?
14. Do you have different marketing strategies to those segments?
15. Which criteria are decided when the customer buys your products?

#### **Sales Forecasts and Market surveys**

16. How often do you do sales forecasts and market surveys?

#### **Advertising**

17. Is there any specific goals set up with your advertising campaigns?

18. Which technical magazine/via internet/direct mail to customers do you advertise in?

19. How often is the same advertising insertions?

20. How do you follow up your result from a advertising campaign?

### **Personal sales**

21. Can you explain how a customer visit is organized? Is that down by the sales staff or do you follow?

22. Is there any internal directions how to conduct a customer visit?

23. Do you or the sales staff do any customer following up and how often do they evaluate potential customers - top five customers?

### **Exhibition**

24. Do you have seminars at your customers?

25. How do you follow it up?

26. Do you participate in any exhibitions?

### **Business Marketing Communication**

27. Who is in charge of the local website?

28. Do you evaluate how many customer visit your site?

### **Education**

29. Do you employee experienced staff or inexperienced

30. Which training – internal?

31. How often do the sales staff visit other Scania subsidiaries?

### **Ending question**

32. Do you have all resources for your marketing work or is it something that you miss?

### **Appendix 3**

#### **Semi-structured interview with Vichai Jirathiyut, Managing Director at Scania Siam Co., Ltd on June 1, 2010 at Scania's office in Bangkok**

##### **Introduction questions:**

1. What position do you have and what are your tasks in the organization?
2. How long have you been working for Scania?
3. Can you describe Scania's company culture?
4. What business idea do you work after?
5. Can you provide me with a organization chart?
6. What is your yearly development since the start and where do you stand today comparable and what is the future target?
7. How do you define the market?
8. Do you have any financial statement – annual report, quarter report that you could share?
9. Are there Environmental laws that the business is required to adhere to?

##### **Marketing**

10. How have the current economic downturn affected Scania's marketing strategy?
11. Do you think that your success depend on a successful marketing strategy in Thailand?
12. What do you think is the most important marketing communication tool in the future?

##### **Competitive advantage**

13. What role does competition play in shaping business strategy?
14. What does Scania consider as its source of advantage in the Thai market?
15. Do your firm have a competitive advantage in the Thai market?
19. Can you describe how do you rate your reputation, presence and reach in the Thai market?
20. How does Scania rate the brand and what is the time-to-market?
21. How is your management cover and do you have a succession plans in your company?

##### **Relationship marketing**

22. How do you communicate with your customers?

23. Can you describe if it is important to employ sales staff with a functional/working social network?

24. Do you take advantage of your social network?

**Hofstede's theories- cultural dimensions**

25. Can you describe the organisation that you have within the company?

26. How do you develop a good team spirit in the company?

27. How do the employees communicate with you as a manager?

28. How does Scania encourage the employees loyalty?

29. Is there any competition between the employees?

30. Are you restricted by many rules in your job?

## **Appendix 4**

**The planned semi-structured interview with Suebsak Thammastien, Manager Fleet and Special Application at Volvo Truck and Bus Thailand on June 2 was not possible due to traveling, so the questions was sent by email and followed up via phone.**

### **Introduction question**

1. What position do you have and what are your tasks in the organization?
2. How long have you been working for Volvo?

### **Hofstede's theories - cultural dimensions**

3. Is there a good team spirit in the company?

### **Relationship marketing**

4. How well do you know your customer – do you often interact with them?
5. Do you take advantage of your social networks?

### **Market segmentation**

6. How is the sales force organized?
7. Which region do you cover?
8. Do you think that segmenting of the market and customers and the positioning is adapted to the Thai market?
9. Do you think that the marketing and strategy plan is adapted to the Thai market?

### **Sales Forecasts and Market surveys**

10. Did you ever do any market survey on your customers?

### **Sales promotions**

11. How are potential customers identified?
12. How often do you send direct mail or email to existing, potential and new customers in regards to information about new product or sales promotions/campaigns?

### **Personal Sales**

13. How often do you visit your existing customers?
14. What percentage of existing customer is retained yearly?
15. Can you explain how a customer visit is organized?

16. Which position does the customer have that you meet – top management or someone from the purchasing department?

17. Do you do any customer following ups and how often do you evaluate your potential customers - top five customers?

18. How often do you sent catalogues per mail to customers?

19. Do you have a data bank that provides a profile of the history of each customer relationship, identify key decision makers, isolate past purchases across all product lines and profile the customer's requirements and potential?

20. Do you have any customer relationship management software information about key accounts and competitors?

### **Exhibitions**

21. Do you have seminars at your customers?

22. How do you follow it up?

23. Do you participate in any exhibitions?

### **Training**

24. Did you have any experience from sales and marketing job before you joined Volvo?

25. Which type of introduction and internal training did you get when you started?

26. Did you miss out something from your internal training?

27. Did you visit any other Volvo subsidiaries and how many times ?

### **Ending question**

28. Do you have all resources for your marketing or is it something that you miss?

## **Appendix 5**

**The planned semi-structured interview with Kamlarp Sirikittiwatn, General Manger Commercial Vehicles & Marketing Volvo Truck and Bus Thailand on June 2 was not possible due to traveling, so the questions was sent by email and followed up via phone.**

### **Introduction questions**

1. What position do you have and what are your tasks in the organization?
2. How long have you been working for Volvo?

### **Marketing**

3. Do you sale direct or via distributors?
4. Which target groups are you focusing on?
5. How is the marketing job done on the Thai market?
6. Do you think that your success depend on a successful marketing job?
7. Which communication will your products demand in the future?

### **Hofstedes theories - cultural dimensions**

8. Is there a good team spirit in the company?

### **Relationship marketing**

9. How well do you know your customer – do you often interact with them?
10. Do you take advantage of your social networks?

### **Marketing segmentation**

11. How do you segment the market and your customers?
12. Do you have different marketing strategies to those segments?
13. Which criterias are decided when the customer buys your products?

### **Sales Forecasts and Market surveys**

14. How often do you do sales forecasts and markets surveys?

### **Advertising**

15. Is there any specific goals set up with your advertising campaigns?
16. Which technical magazine/via internet/direct mail to customers do you advertise in?
17. How often is the same advertising insertions?

18. How do you follow up your result from a advertising campaign?

**Personal sales**

19. Can you explain how a customer visit is organized? Is that down by the sales staff or do you follow?

20. Is there any internal directions how to conduct a customer visit?

21. Do you or the sales staff do any customer following up and how often do they evaluate potential customers - top five customers?

**Exhibition**

22. Do you have seminars at your customers?

23. How do you follow it up?

24. Do you participate in any exhibitions?

**Business Marketing Communication**

25. Who is in charge of the local website?

26. Do you evaluate how many customer visit your site?

**Education**

27. Do you employ experienced staff or inexperienced

28. Which training – internal?

29. How often do the sales staff visit other Volvo companies?

**Ending question**

30. Do you have all resources for your marketing work or is it something that you miss?

## **Appendix 6**

### **Semi-structured interview with Christoph Martin, president of Volvo Truck and Bus Thailand on June 2 at Volvos office in Bangkok**

#### **Introduction questions:**

1. What position do you have and what are your tasks in the organization?
2. How long have you been working for Volvo?
3. Can you describe Volvo's company culture?
4. What business idea do you work after?
5. Can you provide me with a organization chart?
6. How many employed within Volvo Truck and Bus Thailand ? And how many are locally employed?
7. What is your yearly development since the start and where do you stand today comparitable and what is the future target?
8. How do you defind the market?
9. Do you have any financial statement – annual report, quarter report that you could share?
10. Are there Environmental laws that the business is required to adhere to?

#### **Marketing**

11. How have the current economic downturn affected Volvos marketing strategy?
12. Do you think that your success depend on a successful marketing strategy in Thailand?
13. What do you think is the most important marketing communication tool in the future?

#### **Relationship marketing**

14. How do you communicate with your customers?
15. Can you describe if it is important to employ sales staff with a functional/working social network?
16. Do you take advantage of your social network?

#### **Hofstedes theories- cultural dimensions**

17. Can you describe the organisation that you have within the company?
18. How do you develop a good team spirit in the company?

- 19.** How do the local employees communicate with you as a manager?
- 20.** How does Volvo encourage the employees loyalty?
- 21.** Is there any competition between the employees?
- 22.** Are you restricted by many rules in your job?
- 23.** Do you have any more to add that can be of interest how de cultural differences affects the marketing job in Thailand?