

BACHELOR'S THESIS

Piggybacking as a Method of International Market Entry

TOMMY DJÄRF
JONAS ENGSTRÖM

Social Science and Business Administration Programmes

INTERNATIONAL BUSINESS AND ECONOMICS PROGRAMME

Department of Business Administration and Social Sciences
Division of Industrial Marketing
Supervisor: Manucher Farhang

Acknowledgements

First and foremost, we would like to thank the experienced mind of our supervisor Mr Manucher Farhang, without his valuable comments and encouragements we would probably still have been fumbling in the darkness, looking for our way out of something that from time to another felt like a maze.

We would like to thank the incredible obliging people at Ferruform: Robert Espling, Jan Johansson and Gordana Mihai who have taken their time and in details explained all sorts of issues.

We also wish to express our deepest gratitude to our friends and family with a million kisses.

Luleå, June 2003

Jonas Engström

TommyDjärf

Abstract

The world is shrinking mostly because the development in transportation and communication. This in its turns leads to people that have more knowledge about what is happening outside their home market and wants to take part of services and products that are available in the international market even in the home market. The companies has seen the opportunity to broaden their market to the international market this has led to an increasing competition for the customers at almost all markets in the world. Companies that wants or needs to conduct business on the international market must choose what mode of entry to chose when entering a foreign market.

There are many different modes available for a company when entering a foreign market. The decision of what method to use is a critical one as this can mean the difference between success and failure on the international market. The purpose of this thesis is shed light and investigate one of these different modes of entry, piggybacking. We have chosen to look at this piggybacking method from an industrial viewpoint. As we have some connections in the company Ferruform that is a supplier in the truck industry we have chosen them as case study. This research has shown us that companies can use the piggybacking method, as a method of internationalisation without the main intention for the company is to sell abroad. For Ferruform the main intention was to sell and the internationalisation was a bonus. But even if it was so in our case we consider piggybacking as an interesting kind of method to use as a method of entry to foreign markets. This investigation has shown us that there are many different reasons to why companies use piggybacking as their mode of entry to a foreign market and that the differences are huge between branches of how this concept is used.

TABLE OF CONTENTS

1 INTRODUCTION	1
1.1 Background	1
1.2 Problem Discussion	3
1.3 Purpose	5
1.4 Research Questions	5
1.5 Delimitations	5
2 LITERATURE REVIEW	6
2.1 Motives for Piggybacking	6
2.2 Piggybacking : Advantages and Disadvantages	8
2.3 Piggybacking: Relationship Between the Carrier and the Rider	9
2.4 Frame of Reference	11
2.4.1 <i>Motives for Piggybacking</i>	12
2.4.2 <i>Advantages and Disadvantages of Piggybacking</i>	12
2.4.3 <i>Carrier-Rider Relationship</i>	13
3 METHODOLOGY	14
3.1 Purpose of the Research	14
3.2 Research Approach	15
3.3 Research Strategy	15
3.4 Data Collection	16
3.5 Sample Selection	17
3.6 Data Analysis	17
3.7 Quality Standards	18
4 EMPIRICAL DATA	19
4.1 Case Study: Ferruform	19
4.2 Motives for Piggybacking	21
4.3 Advantages and Disadvantages of Piggybacking	23
4.4 Carrier-Rider Relationship	25
5 ANALYSIS	27
5.1 Motives for Piggybacking	27
5.2 Advantages and Disadvantages of Piggybacking	28
5.3 Relationships in Piggybacking	31
6 FINDINGS AND CONCLUSIONS	33
6.1 General Explanation of Piggybacking	33
6.2 How can the Motives for Piggybacking as a Method of International Market Entry be Described?	33
6.3 How can the Advantages and Disadvantages of Piggybacking be Described?	34
6.4 How Can the Relationship Between the Carrier and the Rider within a Piggybacking Arrangement be Described?	35
6.5 Implications	36
6.5.1 <i>Implications for Theory</i>	36
6.5.2 <i>Implications for Management</i>	36
6.5.3 <i>Implications for Further Research</i>	37

APPENDIX A ENGLISH INTERVIEW GUIDE
APPENDIX B SWEDISH INTERVIEW GUIDE

LIST OF TABLES

TABLE 3.1 RELEVANT SITUATIONS FOR DIFFERENT RESEARCH STRATEGIES	15
TABLE 3.2 SIX SOURCES OF EVIDENCE: STRENGTHS AND WEAKNESSES	16

LIST OF FIGURES

FIGURE 2.1 A CONCEPTUAL FRAME OF REFERENCES	11
--	-----------

1 INTRODUCTION

In this chapter the trends toward and motives for internationalisation, will continue with the problem discussion and a presentation of different kinds of modes of entry to a foreign market. Further, we will narrow down the discussion in the first chapter to a certain mode of entry namely, piggybacking that will end up in the purpose of this thesis

1.1 Background

Trends Towards Internationalisation

International business has taken place for several centuries and today almost all countries are part of a global economy (Auerbach, 1996). The considerable change in the global market has taken place during the last half acentury and now firms have to take competition from all over the world into consideration when conducting business, due to the fast changing global environment (Axinn and Matthyssens, 2001). Furthermore, international business is encouraged by such organisations as WTO and GATT, these organisations work for a reduction of the trade barriers and to facilitate the conduct of international business for companies. Entire countries are nowadays relying on both export and import to protect the welfare. (Czinkota and Ronkainen, 2001). As the competition in the domestic market is increasing for most companies and especially for companies in the manufacturing industry, the need for internationalisation is something that almost every company needs to take in consideration when planning for the future. (Root, 1982).

There are certain factors that lie behind this change from a business world, which in the past, was restrained to domestic competition, to today's global competition. Nowadays, most companies have to deal with global competition, whether they like it or not. These factors, explained below, together have given a fast process of internationalisation. Nowadays, business is conducted in a higher pace due to the advanced communication tools that make it easier for companies to communicate with customers, suppliers and others involved in the businesses. It is easier for companies to obtain necessary information concerning international business. (Douglas and Craig, 1995). The fact that transportation has improved and is more effective has lead to a higher flexibility when transporting both people and goods. (Ibid) The pace of production is faster and more elastic due to the technological progress (Axinn and Matthyssens, 2001). Due to this people are enjoying an international lifestyle where borders hardly exist as they did a couple of decades ago, and this has been transmitted to business. (Douglas and Craig, 1995).

Firm's Motives to Go International

Today, companies of all sizes should take into consideration. (Root, 1982) The flow of products, technology and capital over national boundaries are increasing every day and neither market nor company can be safe from international competition. (Ibid) If a company decides not to exploit the international opportunities, they can be assured that their competitors will. International companies are certainly looking at the value and the possibilities in the competitor's home market. (Lewis and Housden, 1998). With this increasing international competition not even the largest companies can survive on domestic sales alone. (Czinkota and Ronkainen, 2001). For many companies the domestic market is not enough due to the increasing international competition and they are forced to go abroad in order to broaden their customer base. If possible, it is a good competitive edge to be first on a market as this can serve as an entry barrier for potential competitors. (Albaum et al, 1994).

There are certain motives as to why a firm chooses to internationalise. A key factor is the type of management of the company. An exporting firm's management often shows a higher level of education and fluency in foreign languages, and this makes them more motivated to internationalise. (Czinkota and Ronkainen, 2001) Other motives as to why a company internationalise can be divided into two groups: *proactive* and *reactive* motives, where *proactive* motives mean that companies internationalise because they want to. Examples of this could be; profit advantages, unique products, technological advantage, managerial urge or economies of scale. *Reactive* motives, on the other hand, are when companies feel forced to internationalise. Reasons for this could be; competitive pressure, overproduction, declining in domestic sales, or the need to be close to the customers. (Ibid)

Another way of start conducting international business is according to Osland et al, (2001) the first order is often unsolicited and the opportunity to conduct businesses abroad arises without planning. Another bridge to a foreign market is to work in a domestic network where other companies can provide opportunities and motives to internationalise (Jarillo, 1989). When a company has found motives for an internationalisation, the next step is to define the needs in order to be successful on the international scene. (Ibid).

There are divergent meanings of almost every aspect concerning what factors that make a company successful on the international market (Cavusgil and Naor, 1987). Christensen et al, (1987) concluded that large companies are more likely to export, while Czinkota and Johnston, (1983) says that size does not have any influence on export activities. Although, Young et al, (1989) suggest that there are advantages for a small company if the company is competitive and has an attractive product to sell. A small company can react quickly when an opportunity appears; it has a less complex administration process and is likely to have better opportunities to build stable relationships with buyers (ibid). According to Madsen, (1989), exporting experience is an important issue concerning performance. Cavusgil (1984) says that this is not true. Something that most researchers agree on is the fact that performance on an export market is a multifaceted concept (See for example: Aaby and Slater, (1989), Buckeby et al, (1988), or Cavusgil and Zou, (1994)).

It is not easy for small firms to be successful in international business, especially as the export information is less accessible, developed and sophisticated than domestic marketing information (Cavusgil, 1994). There are many potential pitfalls for a new exporter: Daniels and Radebaugh, (2001) give some examples of this: a too strong belief on the individual capability of the firm and as a consequence of this does not take the necessary help from qualified export counsellors. They continue by saying that a neglect of the international market when the home market is booming is a common pitfall of export operations. Another ordinary mistake is to come to a bad decisions regarding co-operators, and finally; not being patient enough in the early phases of internationalisation when problems always occur. (ibid)

Modes of International Market Entry

The nature of a company's operations abroad depends on the choice of mode of entry. This is a critical strategic decision for the company since it affects the future for the company in the target market. This decision of what mode of entry to use means a considerable level of resource commitment and is not easy to change without consuming both time as well as money. (Root, 1982).

When a company knows what the motives for internationalisation are, as well as the objectives, it needs to enter the foreign market in the most suitable way defined by the needs of the firm (Daniels and Radebaugh, 2001). In other words, a question that every company in

the early phases of internationalisation must face is how to internationalise, and what mode of entry to choose. There are many different possibilities to enter a foreign market, no mode of entry can be said to be better than the other as every business spectra is unique and what mode of entry to chose depends on what situation the particular company faces, both internally and externally. (Czinkota and Ronkainen, 2001). A company that chooses the right mode, for its purposes of expansion, of entry can gain a competitive advantage. An inadequate decision in the early phases of internationalisation can be hard to recover if it involves long-term contracts or if large resource commitments are made. (Osland et al, 2001).

1.2 Problem Discussion

What does the different modes of entry to the international market look like? In a broader context the available entry modes can be divided into three general types: *export entry*, *contractual* (without direct investment) *entry modes* and *investment entry modes* (Root, 1994).

A company in the early phases of internationalisation seldom has the resources necessary for making a direct investment (Albaum et al 1974). Money is not the only matter when deciding what kind of entry mode a company should or could use. Critical factors involved in the decision of entry mode are; export knowledge, personal contacts and how much the company is willing to risk. (Ibid) It is obvious that the modes of entry giving most control of operations are also more costly and risky (Root, 1982).

It has been observed that exporting may be the best international learning experience. Exporting is something that takes a firm towards more and more sophistication and commitment to other modes of internationalisation. (Root, 1987) The inexperienced international firm is more concerned with minimizing foreign market and political risks than maximizing control over foreign market operations. These are further reasons why most companies in the entry phases of internationalisation choose to use exporting as their entry mode. (Root, 1982)

Firms do not become experienced exporters in one day. It takes time to learn how the international export process works and the company gradually learns how to overcome internationalisations barriers.. In the early phases of internationalisation, most companies use external specialists and intermediaries to take care of some or all functions that an entry to a foreign market involves. These could be: help stimulating sales, conduct market research, handle foreign traffic and shipping, or take care of the necessary and heavy documentation process that international business gives rise to. (Czinkota and Ronkainen, 2001)

According to Osland et al, (2001), exporting can be direct or indirect. *Indirect export* means that goods and services are sold to an intermediary within the domestic market who sells it further to the export market. *Direct export* is when a company's product is produced outside the target market, and is sold to the target market by the producer, either to the consumer or to an intermediary within the target market.

Indirect Export Modes

Regarding indirect export modes all export operations like documentation, physical movement of goods and channels of distribution of sales are taken care of by others (Young et al, 1989). When using indirect exporting the companies do not need to search for reliable agents/distributors, they do not need any knowledge of foreign markets and they do not need personnel specialized on international sales. (Root, 1982).

That is why indirect exporting is probably the best way for an inexperienced company to begin their internationalisation process, as it is lower start up costs, the information costs are lower and the risks are lower than it is for direct exporting. (Root, 1982) There are some different modes of indirect exporting to choose among and next we are going to describe a few of them.

An EMC (export management company) is not easy to describe as almost every EMC differs in how they work. An EMC adapt to clients, product line, markets, to their own capabilities and their resources. (Root, 1982) An EMC operates both as a distributor and take title of the goods or as an agent that take no title of the goods. It can work as an agent one time and as a distributor the next time for the same client depending on what situation the exporter faces. (Ibid).

An exporting trading company is a company that distributes goods and transport them. (McAuley, 2001). An ETC works more on demand than supply, ETC:s are like independent distributors that connect buyers and sellers trying to find as many exporters as possible to their overseas customers (Daniels and Radebaugh, 2001).

Another type of indirect export is responding to unsolicited orders. For many companies this is how they become involved in international business for the first time. Through this unsolicited order the company realizes that there are potential customers outside the home market, and this can be a start for more serious international business. (McAuley, 2001)

Indirect export has shown to provide many benefits especially in the early phases of internationalisation. This is often a way to overcome negotiation problems regarding freight rate (Anderson and Coughlan, 1987; Delacroix, 1984). It is also the fastest way to enter a new market (Osland et al, 2001). And finally, maybe the most important issue; it lowers the total costs of exporting (Angelmar and Pras, 1984).

A form of indirect exporting only briefly discussed in the literature but common practise in the business world is that of piggybacking. The focus within the contemporary literature is on a business to consumer perspective. However there are two types of businesses in regard of whom they are selling to, Dwyer and Tanner (2001) says that a company can focus on the end consumer, or on other firms. This is named business-to-business marketing and, in terms of turnover, is the most dominant form of marketing (ibid). The regards of how these two forms of marketing differentiate from each other is the more complicated buying process, the closer relationship, the shorter distribution channels, and finally the unique promotional strategies found in the business-to-business environment, compared to the business-to-consumer environment (ibid).

Piggybacking has been defined by Terpstra and Chwo-Ming (1990) as when one company from the same country as the second sells the other company's product, alongside its own on a foreign market This concept involves two parts, which is referred to according to Terpstra and Chwo-Ming (1990) as the carrier and the rider. The carrier is the company which brings the good to the foreign market, and the rider is the company that supplies the product (ibid).

Piggyback marketing as referred to by Albaum et al (1994) or piggybacking as called by Terpstra & Chwo-Ming (1990), or complementary marketing (McAuley, 2001) is a form of mode of entry to a foreign market. It has the form of an indirect market entry mode. (Albaum et al, 1994). Although Albaum et al (1994) draw the conclusion that it is close to direct

exporting in some forms. The issue to handle is to define it and justify the concept in the proper category, due to earlier research. Below we give an overview of different authors definitions of the concept.

- Two firms that join voluntarily to reach objectives they cannot reach themselves Terpstra & Chwo-Ming (1990).
- One firm sell another part's products on a foreign market (Young et al,1989).
- Terpstra & Chwo-Ming (1990) defines piggybacking as when two companies, one acting as the carrier of the good, and the second as the rider, supplying the product and forms a cooperation in order two meet or create a market demand on a foreign market for a certain product.

From our casual observations and our readings of trade literature we have the impression that this form of market entry, namely, piggybacking, that is rather common in international business, particularly in connection with business within industrial markets. With these concerns in mind we are motivated to focus on research on the topic of piggybacking in order to shed additional light on this form of international mode of market entry.

1.3 Purpose

In view of the above the purpose of our study can be stated as following:

To gain a better understanding of piggybacking as a method of international market entry.

1.4 Research Questions

Having stated the general purpose of this study, we shall specifically address the following research questions:

1. *How can the motives for piggybacking as a method of international market entry be described?*
2. *How can the advantages and disadvantages of piggybacking be described?*
3. *How can the relationship between the carrier and the rider within a piggybacking arrangement be described?*

1.5 Delimitations

Our investigation of piggybacking as a method of international market entry will be limited the study of industrial firms due to the fact that we have better access to the necessary sources for our empirical data.

2 LITERATURE REVIEW

In this chapter we will present the contemporary research about piggybacking starting with some overall issues regarding indirect export market entry, moving on to the more topic specific details, ending up with a conceptual frame of reference for this thesis.

Main concepts about piggybacking, the nature and the form of it have been stated by Terpstra & Chwo-Ming, (1990), as when two companies join together voluntarily to reach objectives they cannot reach efficiently by themselves. Young et al, (1989) states that it involves an agreement of some kind where one firm shall sell the other part's product or products, alongside its own, on a foreign market. Another way to look at the concept in, is as to view it as when letting one firms use the distribution channel of another company to market its products. (MacAuley, 2001).

The two companies involved in the process are named somewhat different in the literature. Terpstra and Chwo-Ming, in their work: *Piggybacking: a Quick Road to Internationalisation, International Marketing Review*, (1990) uses the terminology as follows: *carrier*, where they refer to the company which distributes the products, and the *rider* which supplies the carrier with products to distribute on a foreign market. Another possible way to use the terms are suggested by Young et al in *International Export Managment*, (1989) as to call the two companies; *rider*, the same as Terpstra suggests, but to call the other company the supplier.

2.1 Motives for Piggybacking

In the piggybacking agreement there are two parts involved. The different motives these have will be discussed below. Taking a look on the motives from the rider's point of view makes issues interesting as there are some regards identified by different researchers.

The motives for using piggybacking are of main interest. There are different motives according to research and contemporary literature. General motives are suggested by Terpstra and Chwo-Ming (1990) as if a firm has some competitive advantages, it will try to internalise them under certain circumstances, in order to exploit economic rent. The motives hereby are to make the transaction cost lower engaging in a co-operation, than would have been the case if working alone. (Ibid)

Albaum et al (1994) also gives some comments on the general motives for the firms to engage in a piggybacking agreement; it is of crucial importance that the economies of scale are positive for the both parts; otherwise there would be no use for such an agreement. Furthermore, when there is a combination of products that will complement and enhance the presence of both firms, there are likely good motives for two companies to engage in piggybacking. (Lewis and Housden, 1998).

The rider's perspective is explained by McAuley in *International Marketing*, (2001) as being a passive export mode, as it is a result of an export pull by the carrier, when its products goes international without the manufacturers initial intentions, this is somewhat out of control of the manufacturing company, and as long as it does not hurt them, would be seen as something positive as it likely will influence the total sales volume in a positive manner (Albaum et al, 1994).

Terpstra (1997) has made great contributions to this approach and says that the rider with limited resources and a narrow product line will likely be eager to piggyback its products. Also, firms, which perceive some opportunities in a target market but have a low level of experience or expertise, will surely try, if they have the opportunity, to piggyback its product(s) (Lewis and Housden, 1998). Although, even if the desire of the carrier will be of interest for the rider, in terms of what product to choose for piggybacking, the rider will likely want to piggyback certain product if it has some international potential, or if it has different marketing requirements which the rider firm can not utilise themselves (Terpstra and Chwo-Ming, 1990).

The same goes if the market of interest for the rider firm has high entry barriers (Terpstra and Chwo-Ming, 1990). Albaum et al (1994) suggest that the piggybacking agreement is an easy, low risk way for a company to begin its export marketing operations. Moreover, it is well suited for manufacturers that is either too small for direct exporting, or do not want to invest heavily in foreign marketing (Albaum et al, 1994).

Terpstra and Chwo-Ming (1990) continue by stating other motives for the rider to piggyback its products. If a firm has extremely good market coverage, or channels to distribute and promote its product it would be wise to engage in a co-operation with that firm, in terms of effectiveness of the distribution channel. Fewer resources will be used to reach the same market coverage as doing the marketing operations themselves. (Ibid).

Lewis and Housden (1998) suggest that a manufacturer would engage in a piggybacking agreement if it finds a carrier with a good image, that it wants to be transferred to its own product through piggybacking.

Carrier

For the carrier the positive aspects of piggybacking are not as obvious as for the rider. (Albaum et al, 1994). However, research shows that there are profits to be made from the carrier's point of view as well, especially when it wants to extend its product line on a foreign market. Terpstra and Chwo-Ming (1990) says that an exporter has two alternatives when adding new products to its existing product line; developing new products themselves or buy a product from the market. This is often a question of financial ability. They continue by stating that it could be economically sound to buy products from another manufacturer instead of developing them themselves, particularly when there are question marks regarding how the foreign market will receive the product. (Ibid).

According to Young et al (1994) the carrier firm would find good motives for piggybacking if it experiences a desire for a certain product from the export market, which it cannot supply from its own range.

If there is a decline in the overall market, which tends to be shown in the export business, that will lead to a decline in export sales for one or many of the products for a company. The company facing a situation such as this could choose to expand its product line in order to increase sales with a product or products from another firm that the market is demanding. (Albaum et al, 1994).

Sometimes a firm possesses a product with a great potential on a foreign market, although, it is not absolutely sure that this producing firm will have the expertise or the knowledge on how to capitalize on this product on a totally new market Albaum et al (1994) suggest, in this

matter, that it is a good idea for a larger firm to engage in piggybacking with a smaller firm with a product with this potential, in order to make a dual term profit.

If the carrier firm finds a suitable partner that he find complementing his product range, which makes his offering more competitive, he should, according to Young et al, (1994) try to use piggybacking as a method of widening his offering on an export market.

2.2 Piggybacking : Advantages and Disadvantages

Advantages

Welsh (1981) states that a piggybacking agreement should contain significant advantages for both parties, where the advantages for the rider are clear; piggybacking provides him a low-risk method of beginning export operations. In consideration of similar low risk export methods; piggybacking is, according to Terpstra (1997), a better way of beginning exporting than direct export, easier than Webb-Pomerene Associations, if finding a suitable partner. Export management companies have a similar approach as piggybacking. The advantages for piggybacking compared to EMC: s is that an EMC likely will have more products in their product line than a carrier in the piggybacking process, so the carrier in the piggybacking process will be able to focus more on the chosen product. (Terpstra and Chwo-Ming, 1990).

This goes about the same with an independent international distributor, according to Terpstra and Chwo-Ming (1990) where the distributor carries several competing products and shows no particular support for any one of them. In contrast, a piggyback carrier will carry only products that are complementary to its own products, due to this, products will receive focused selling to the appropriate market segments. Likely, this will lead to better sales performance and market feedback (ibid) On the issue, Walsh (1981) says that there are fine advantages for a firm which lacks the resources for direct export, as it provides an easy, cheap and low risk way of starting export operations.

The carrier's engagement in piggybacking would, according to Walsh (1981), result in increased profit for the carrier, certainly, if the motives stated under the motives section are fulfilled.

Regarding the marketing mix provided by the carrier Terpstra and Chwo-Ming (1990) says that the carrier can cover most ingredients of the marketing mix. He will provide market information, segment information, promotion, distribution and international pricing tasks, he may also lend his brand name to the rider's product, and if strong, it will lift the rider's product image to that of the carrier.

They continue by viewing the piggybacking process as something transitional, and will therefore be a clear advantage for the rider, as he has the chance to gain market knowledge and expertise through the carrier, and the ongoing dynamic process of piggybacking (Terpstra and Chwo-Ming, 1990).

Disadvantages

When a company leaves the control of its product to an intermediary it will depend on the good intentions of the intermediary (Czinkota and Ronkaninen, 2001). In the long run the loss of control of the product through piggybacking might make the product's appearance in terms of how it will be seen from the consumer's point of view, to something different than was the producer's intentions. This will be costly and time consuming to change, if the producer will

try regaining the control over the product (Albaum et al, 1994). From the rider's point of view, it is an issue if the carrier finds the product very profitable, and tries to develop something similar, or even better. (Ibid) The rider somehow leaves out the control, and the competitive edge will be left open for the carrier to examine, or even copy (Lewis and Housden, 1998).

Lewis and Housden (1998) continue by stating that the step from engaging in a piggyback agreement to an acquisition of the rider, by the carrier, is not too long. As the carrier in detail receives knowledge about the rider firm an acquisition might be appropriate for the carrier, in contrast maybe, from what was in the rider firm's mind.

Young et al (1994) says that there are clear disadvantages for a piggybacking concept, among these he says that the hardest part is to find a suitable partner, he then continues by commenting the issue of how the rider firm's product may receive secondary focus, and due to this not perform as well as could have been the case if an appropriate focus would have taken place. If the rider does not invest in product development the motive for the carrier firm to try to find another suppliers are good. (Terpstra and Chwo-Ming, 1990). If the rider firm is not reliable in terms of supplying the product, there is much he will loose, but for the carrier he will just find another piggybacking partner. (Ibid)

For both of the parties involved in piggybacking the concept itself might prevent a natural growth. Due to the low involvement of the rider firm, and the secondary focus on the product from the carrier firm the growth can be prevented (Young et al, 1994).

Also, for both parts to take into consideration, that is a disadvantage that steams from the piggybacking method of exporting, is that the strategies in terms of promotion and branding need to be developed carefully, which should have been easier to conduct if there would have been just one part involved (Lewis and Housden, 1998).

2.3 Piggybacking: Relationship Between the Carrier and the Rider

As minor contributions have been done to examine the relationship in piggybacking we find it suitable to discuss those as the partnership in a business agreement is of major significance.

The partnership in piggybacking is of main concerns; as Czinkota and Ronkainen (2001) states: every partnership engagement in international business is worth taken into much concern, preparing meticulous before signing any contract, in order to give it as good conditions as possible to work satisfactory. Telser (1980) suggests that a partnership will remain as long as there are profits to be made for the parts involved, when one part finds out that he will be better off himself, the partnership will likely end.

Lewis and Housden (1998) say that for making the piggyback arrangement work, the search for a suitable partner is critically important. Because of the type of the relationship which is particular compared to those found in other types of export. (Terpstra and Chwo Ming, 1990) This is diversified by Terpstra (1987) when he sees some similarities between Webb-Pomerene, export management companies and export trading companies. Then define the relationship in a piggyback agreement as somewhere between strategic alliance and a formal joint venture or a merger (Terpstra and Chwo Ming, 1990).

For making the partnership profitable for both parts, the firms should have an aim for building up an open and friendly atmosphere, where trust shall be a main foundation of the partnership. The partnership should start with the arrangement of product identification; which ones to export, move on to the distribution of the product, and end with the payment according to Lewis and Housden (1998).

Albaum et al (1994) suggests that a partnership could consist of an outright acquisition of the products of the rider firm by the carrier firm. However the carrier firm might prefer to act as an agent and be compensated by a commission. They continue by stating that another part of the total relationship is deciding under which name the product should be sold; the carrier's or the rider's. This will make up an important part of the partnership, as the consumer will receive the brand image of just one of the firms. Young et al (1994) says that it is possible to establish a totally new brand for the product, which sometimes will be appropriate.

Moreover, as long as the arrangements are held flexible all issues will be easier to handle, and an aspect such as which brand to take the lead in the local market will be solved in a favourable way for both firms involved (Lewis and Housden, 1998).

The relationship should be held together by the different motives that the two parts encounter (Albaum et al 1994). The method of payment will be the formal way of closing the relationship between them according to Walsh (1981). This could be done through a commission or through an agent which will pay for the product. Another way of paying for the process is through a discount from the rider's domestic distributor list price (Albaum et al, 1994).

2.4 Frame of Reference

Under this section the literature review presented earlier will be used to develop a conceptual framework that will aid our research, mainly in collecting and analysing data which is needed to answer the research questions stated in chapter one. In this section we will further delimit our investigation to cover only the rider's perspective in the piggybacking arrangement. We will start with a graphic construction of the conceptual frame of reference (see figure 2.1) and proceed to discuss the content.

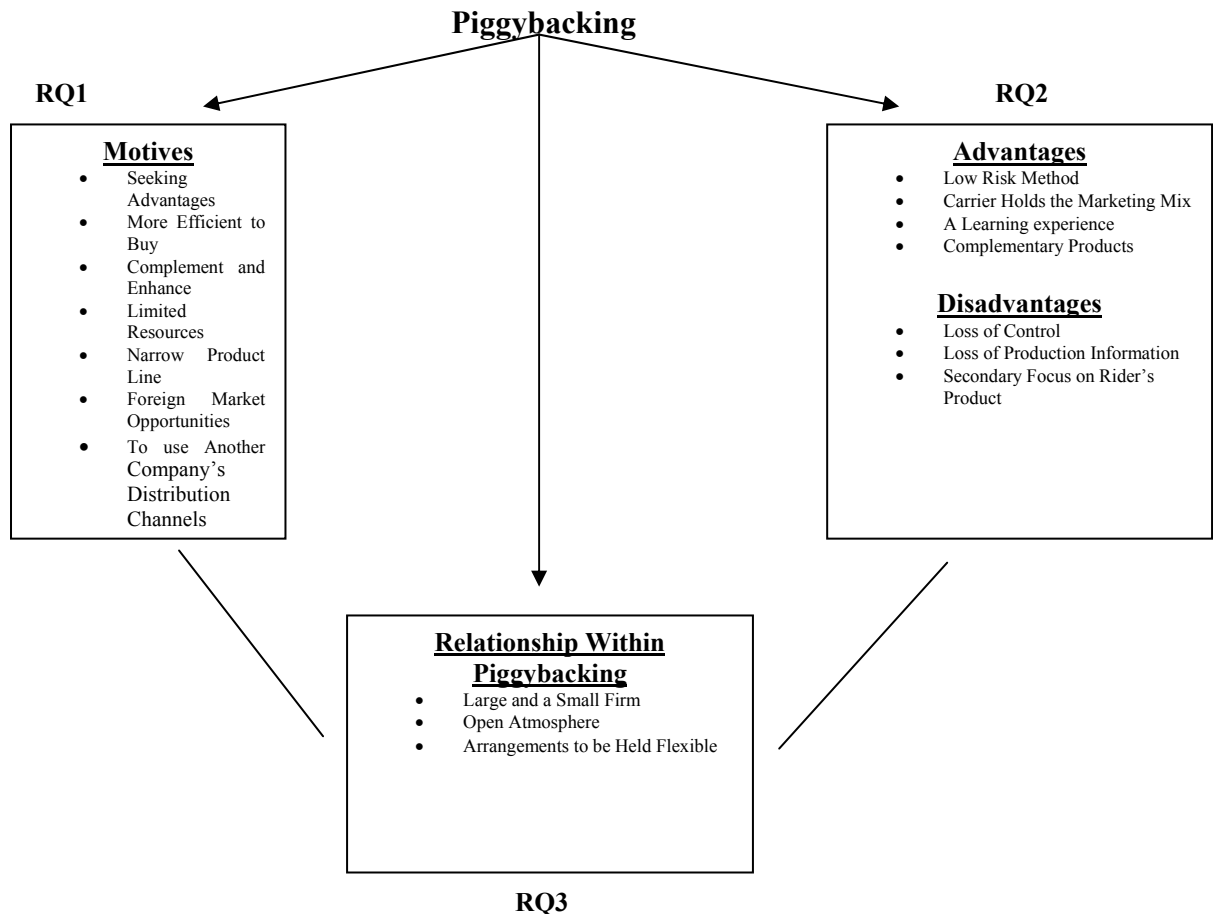


Figure 2.1 Conceptual Framework. Author's construction

2.4.1 Motives for Piggybacking

Terpstra and Chwo-Ming (1990) say that a company should look for another company to cooperate with if they see advantages within another firm that they can exploit on a foreign market, in order to increase profits. According to Terpstra and Chwo-Ming (1990) it is suitable to buy products from another producer if the company sees it as more cost effective than producing it themselves.

Furthermore, Lewis and Housden, (1998), states that there are good motives for piggybacking if a firm finds another firm which has products that they think will enhance and complement its own presence on a foreign market. Terpstra (1997) also finds motives when a firm should look for a piggyback agreement; it is when the firm has a narrow product line and limited resources for export. Moreover, when there is a low level of experience of export but still an opportunity within a foreign market expansion, Lewis and Housden (1998) say that the firm should look for a piggyback agreement. Finally, Terpstra and Chwo-Ming (1990) continue by stating other motives for the rider to piggyback its products: if a firm has extremely good market coverage, or channels to distribute and promote its product it would be wise to engage in a co-operation with that firm, in terms of exploit the effectiveness of the channels of distribution and promotion.

2.4.2 Advantages and Disadvantages of Piggybacking

Advantages

Piggybacking is considered as a low risk method for foreign market expansion, according to Walsh (1981). Terpstra and Chwo-Ming (1990) states that other advantages with piggybacking are that the larger firm that has likely better resources and can cover most of the marketing mix. They continue by saying that piggybacking can be seen as something transitional and therefore as a learning experience, that can be used for further international operations. Further on, Terpstra and Chwo-Ming (1990) gives another advantage to the piggybacking concept; as the products of the rider firm receives more focus, as the carrier probably would not handle similar products they already have. The carrier would probably look for complementary products. This should be a guarantee for the rider firm of receiving the appropriate focus of their products, in terms of selling focus received.

Disadvantages

According to Czinkota and Ronkainen (2001) a disadvantage of piggybacking is the general issue of leaving the control to another firm. Albaum et al (1994) state that when engaging in a close relationship one has to give up some classified details about the product, this could lead to inappropriate copying of the product of the rider firm, by the carrier firm. Another disadvantage with piggybacking is, according to Young et al (1994), the difficulty of finding a suitable partner. Terpstra and Chwo-Ming (1990) comment this by saying that as long as the rider is dynamic there are no problems, but it is much easier for the carrier to go after another partner if the product do not fit the development, which makes the rider vulnerable. Promotion and branding is, according to Lewis and Housden (1998), something that is difficult to cope with in a relationship. It may lie in the interest of the carrier to focus on its own products, and the product of the carrier may receive little or no promotional focus.

2.4.3 Carrier-Rider Relationship

Root (1982) says that a relationship in a piggybacking agreement often consists of a larger and a smaller firm. The foundation of the relationship should be based on an open and trustworthy atmosphere (Lewis and Housden, 1998). They continue by saying that arrangement should be held flexible.

3 METHODOLOGY

In this chapter of the thesis we will present what research methodology we used to conduct the research in order to answer our research questions and thereby fulfil the purpose of this thesis. First, the research approach and the research strategy are outlined. Then, a presentation of how the data collection was carried out and how the sampling was conducted follows. Finally we will explain the choice of general analytical strategy, and end up with an assessment of the quality standards of the research.

3.1 Purpose of the Research

According to Yin (1994) there are three general purposes to carrying out research. These are: exploratory, descriptive and explanatory.

When one wants to gain basic knowledge within the problem area a suitable way of doing this is through an exploratory purpose (Wallén, 1996). Exploratory studies are appropriate when a problem is difficult to demarcate, as well as when important relationships and relations are hard to determine (Eriksson and Wiedersheim-Paul, 1997).

Descriptive studies mainly aims to determine the research object's characteristics, and its surroundings of relevance (Wallén, 1996). This is appropriate when the problem is relatively clear and with a fine structure, and the objectives are not to investigate casual relations (Eriksson and Wiedersheim-Paul, 1997).

Explanatory is coming from the word explain, and this is suitable when one wants to investigate how factors are affecting each other (Eriksson and Wiedersheim-Paul, 1997). Yin (1994) states that the objectives of an explanatory study should be to pose competing explanations for the same set of events and to indicate how these explanations could be applied to other situations.

It is however not necessary to chose one of these purposes for the research according to Reynolds (1971). He suggests a compound procedure, which divides the research into three different stages. These stages consist of exploratory, descriptive, and explanatory studies, as outlined above. In the stage exploration the research is conducted with the purpose to develop thought-provoking ideas, in this stage it is important that it is flexible and gives guidelines that can be followed in the next stage. In the descriptive purpose the goal is to develop descriptions about patterns foreseen in the exploratory research stage. (ibid) According to Eriksson and Wiedersheim-Paul (1997) descriptive studies are of major usefulness when a researcher has precised what the description will be used for, and what knowledge one wants to gain. Due to this, every description must have a purpose; otherwise it will not be meaningful. In the explanatory stage, the researcher should look for a cause and effect relationship. (ibid) The aim is to provide the researcher with a cycle of theory construction, theory testing, and finally a theory reformulation (Reynolds, 1971).

With this discussion in mind we would like to state that our study, in its introductory stage is exploratory. Initially it is aiming to formulate and precise a problem, in order to give us an orientation about existing theories formulated about the subject. Therefore we will register and document findings, we are focusing on a description of our field of study as we state the research questions. They are formulated as “describe” and “how” questions, which is a clear

direction toward a descriptive nature of our study. This research purpose will help us to fulfil the purpose of this thesis, which is to gain a deeper understanding of piggybacking as a method of international market entry.

3.2 Research Approach

In a qualitative research, conclusions are based on non-quantifiable data and findings. These could be such things as attitudes, values, and how certain people perceives an issue. However, it could be possible to quantify these data. (Lundahl and Skärvad, 1992). Focus when conducting a qualitative research is "not on numbers, but on words and observations; stories, visual portrayals, meaningful characterizations, interpretations, and other expressive descriptions" (Zikmund, 2000, p.102)

With the above discussion in mind it is obvious that we have chosen to use a qualitative approach as we aim gain a deeper understanding of piggybacking as a method of international market entry. It is not our intention to find general facts but we are looking to find detailed descriptions of more complex matters.

3.3 Research Strategy

According to Eriksson and Wiedersheim-Paul (1997) there are three major research strategies: experiments, surveys and case studies. Yin (1994) adds two more: archival analysis and history. However, if someone wants to conduct a qualitative study, case study is the most appropriate strategy (ibid). Yin (1994) continues by stating that each strategy is made up by the form of research questions posed, as well as to what extent the researcher has control over actual behavioural events and the degree as to which one is focusing on contemporary as opposed to historical events. Table 3.1 shows how Yin (1994) relates each condition to the five alternative research strategies.

Table: 3.1
Relevant Situations for Different Research Strategies

Research Strategy	Form of research question	Requires control over behavioural events	Focuses on contemporary events
Experiment	How, why	YES	YES
Survey	Who, what, Where, How many, How much	NO	YES
Archival analysis	Who, what, where, how many, how much	NO	YES/NO
History	How, why	NO	NO
Case study	How why	NO	YES

Source: Yin (1994)

The facts found in the table imply that we could use surveys archival analysis and/or case studies as our research strategy. This is due to the fact that we asked "how-" and "what-"research questions. If the focus would have been only on the questions posed, we could have used all five of Yin's (1994) strategies. We have to deal with the amount of control needed, as well as with contemporary events; thus, experiments and historical events are no longer strategies that fit our research.

Surveys are a way of systematic gathering of data in order to understand and predict the aspects of a population's behaviour (Eriksson and Wiedersheim-Pal, 1997). Archival analyses are used when another researcher collects data, for another purpose (Ibid).

Case studies should be used when there are few and complex objects to study, such as a company, a specific industry, or a certain district. Case studies have certain advantages when asking "how" or "why" questions when investigating certain events over which the researcher has little or no control. (Yin, 1994). Case studies aim at gaining a deeper understanding of a subject and not at generalizing (Eriksson and Wiedersheim-Pal, 1997).

We are limited to use just one case for our study by the nature of this thesis as decide by our supervisors, although we found that case study was the most appropriate strategy to use since we look at deep and detailed events in our study.

3.4 Data Collection

Yin (1994) lists six forms of sources of evidence for collecting data in a the qualitative field of research. These six are: Documentation, archival records, interviews, direct observations, participants' observations, and physical artefacts. He continues by saying that there are major strengths with a case study data collection method as there are many different sources of evidence (Yin, 1994). The strengths and weaknesses for other methods of data collection to use are listed in table 3.2

Table 3.2
Six sources of Evidence: Strengths and Weaknesses

Source of Evidence	Strengths	Weaknesses
Documentation	<ul style="list-style-type: none"> • Stable: can be reviewed repeatedly • Unobtrusive: not created as a result of the case • Exact: contains exact names, references, and details of an event • Broad coverage: long span of time, many events and settings 	<ul style="list-style-type: none"> • Retrievability: can be low • Biased selectivity: if collection is incomplete • Reporting bias: • Reflects (unknown) bias of author • Access: may be deliberately blocked
Archival Records	<ul style="list-style-type: none"> • (Same as above for documentation) • Precise and quantitative 	<ul style="list-style-type: none"> • (same as above for documentation) • Accessibility due to privacy reasons
Interviews	<ul style="list-style-type: none"> • Targeted: focuses directly on case study topic • Insightful: provides perceived causal inferences 	<ul style="list-style-type: none"> • Bias due to poorly constructed questionnaires • Response bias • Inaccuracies due to poor recall • Reflexivity interviewee gives what interviewer wants to hear
Direct Observations	<ul style="list-style-type: none"> • Reality: covers events in real-time • Contextual: covers context of event 	<ul style="list-style-type: none"> • Time consuming • Selectivity: unless broad coverage • Reflexivity: event may proceed differently because is being observed • Cost
Participants Observations	<ul style="list-style-type: none"> • (Same as above for direct observations) • Insightful into interpersonal behaviour and motives 	<ul style="list-style-type: none"> • (same as above for direct observations) • Bias due to investigator's manipulation of events
Physical Artifacts	<ul style="list-style-type: none"> • Insightful into cultural features • Insightful into technical operations 	<ul style="list-style-type: none"> • Selectivity • Availability

In our study we have not used archival records since this source of evidence is precise and quantitative and hence do not fit our qualitative study. Nor have we used participant observations because this type of data collection requires us to be a direct part of the process, and the case that we study has already occurred so we had no chance to take part in the planning process. We have also excluded physical artifacts because of the fact that our study does not involve the need to obtain physical evidence in order to understand the manufacturing firms in the early phase of their export operations.

However the strengths of gathering different sorts of evidence are discussed by Yin (1994), he comes up with the suggestion to do this in order to make the study more reliable. The term referred to for this is “triangulation”. Our sources of evidence for our data collection method are documentation and interview. One of the most suitable ways to gather information in a case study is the interview (ibid). The positive aspect with an interview is that it targets directly the case study topic. Moreover, it is insightful because it gives perceived causal conclusions. We, in our study, have chosen interview as our principal tool for the data collection. Additionally, we have used secondary data provided by the company in form of brochures, annual reports, website, and other printed sources. Advantages with the documentation are that it is stable due to the ability to be re-examined over and over again. They are unobtrusive, meaning that they are not made for the case. They might be exact and contain accurate names, references and other details. Furthermore, they have significant coverage over time. (Ibid)

3.5 Sample Selection

For our study, the purpose is to gain a deeper understanding about the piggybacking process as a method of internationalisation for industrial firms. For this reason we chose a manufacturing Swedish firm. We are conducting a single-case study, which implies the sample selection to be of one company. Within the manufacturing business we chose Ferruform AB as we had some personal contacts within the company. We knew that Ferruform was engaged in export operations. The individuals we inquire for the interview should preferably work with international sales. Our initial contact was with area sales manager Jan Johansson, who gave us some advice as to whom to talk to. We, then, interviewed Robert Espling who is the marketing manager at Ferruform

3.6 Data Analysis

Data analysis can be defined “*as consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing/verification*” (Miles and Huberman 1994, p.10) The data reduction of the analysis helps the researcher to make the data sharp, sorted, focused, discarded and organised to be able to draw and verify conclusions. In this phase the researcher can do a within case analysis, where he compares the findings with existing theories. (Yin, 1994). After completion of within case analysis the conclusions of the research are drawn. Each research question is re-posed and answered, based on the findings of our study. In our case we analysed the data to see patterns how these fitted with contemporary research stated in our conceptual frame of references. We did pick out what was relevant for our research questions.

3.7 Quality Standards

Validity and reliability are two useful measures when defining the quality of a research. Validity is defined as the instrument's ability to measure what it is supposed to measure. (Eriksson and Wiedersheim-Paul, 1997) Yin (1994) says that there are three forms of validity; construct validity, internal validity and external validity. In order to construct validity it is of significance to establish correct operational measures for the concept that one is aiming to study, and that the objective judgement is used to collect the data. External validity refers to establish the field to which the findings can be generalised. The findings of a case study should be generalised analytically and not statistically. (Ibid). Validity is referred to as if the researcher measures what he or she wishes to measure. When conducting case studies there are minor possibilities to generalise statistics from the results (Yin, 1994). In order to increase the validity in our study we have tried to find people that would be appropriate for our research, within the case study company.

We used triangulation that is, interviews and documentations, for the purpose of increasing the validity of our study. To increase the construct validity further we sent an interview guide in advance so the respondents were able to prepare for the interview and misunderstanding were avoided as far as possible. We also tried out our questions on students of business, in order to re-write our questions if we found them hard to understand. The external validity was increased as we made analytical generalisations based on our findings.

Reliability is defined as the measurement that demonstrates that operations of a study have the ability to be repeated with the exact same results. If another researcher follows the same method, and the same case, he or she would come up with the same results as we did in our study. To be able to do this, procedures followed in the case study must be carefully documented. (Ibid).

Reliability could be decreased as respondents would like to make an ethical impression, therefore answers could be exaggerated in a positive direction. This is always a risk that a respondent would give false answers, as business operations could be a sensitive area. However we have tried to ask our questions in such a neutral way as possible, and have no further beliefs that this would have been the case.

We tried to increase the reliability by avoiding asking leading questions. Although, personal interpretation could affect the findings, thus, leading to lower reliability.

As we, before the research was conducted, had personal contacts within the company, we had the possibility to have a continuous contact with the company. This made it easier for us to find appropriate people at the company, since we knew the persons, and saw them as reliable, on a personal level. However, we did not conduct interviews with the person we knew within the firm.

We posed questions that were relevant, and was in close link with the purpose of the thesis. To increase the validity of this thesis, we have used theories that are relevant, according to contemporary research. The respondents had the opportunity to correct the answers given in the interview, as we sent them a written copy of the interviews, afterwards. The questions used for the interview were discussed with our supervisor and other students at the Luleå University of Technology. All this was done in order to increase validity.

4 EMPIRICAL DATA

In this chapter the empirical data collected through interviews with Robert Espling the marketing manager at Ferruform will be presented. We will start by a presentation of the company, then presenting the information we gathered in connection with our research problem.

4.1 Case Study: Ferruform

Company Background

Ferruform is a company located in Luleå, a city in the northern part of Sweden. Ferruform is a high-tech company in the manufacturing industry and supply the international car and truck industry with quality component parts. Ferruform was formed in 1967 as a part of Scania. However, since 1997 they are an independent company. Scania still is the largest customer but not the only one. Today Ferruform has 750 employees with a turnover of SEK 770 million. They have two manufacturing plants; one in Luleå, and one in Konga which is called Ferruform Components, in the southern part of Sweden. (Ferruform, 2003).

Business Idea

The idea goes as follows: “Ferruform will through qualified competence and technology develop comprehensive solutions that is suitable for our customers from plain metal to completed products, that always are quality, environment and delivery certified. Personal, production and market arrangements will improve together so we always are working towards our objective to be world leading within our business”. (ibid).

Organisation

Ferruform has eight different divisions: economic/administration, technique, axles, steel constructions, steel profiles, planning, purchasing and finally, what we will be concentrating on; the marketing department. In the marketing department there are five persons, three of them are sellers, one is a technical sales support and one market assistant. Ferruform has three different business areas: axles, steel constructions and steel profiles. These three business areas are divided between the three sellers where the responsibility is a little bit fluent as they have a cross-functional cooperation between the sellers depending on customers and products involved in the business. (ibid).

Products

Ferruform is specialist in designing and processing plain metal and sheet within the range of 1.5 to 18 mm. Ferruform produces more than 1500 different products within the company’s three business areas; steel profiles, steel constructions and axles. Their highly automatic and flexible production process makes it possible for Ferruform to broaden their market to other branches outside the vehicle industry. Ferruform does not produce their own products; instead, the company sells a technical production process and capacity. The company tries to find solutions for the customers that are suitable for the company’s production process; they try to influence the customer to write products that they can produce with their existing equipment. In the future the ambition is to sell products they come up with themselves. Today, Ferruform have their focus on role shaped side beams and the axle side but in the future they are going to direct their production more to steel construction, this depending on the free capacity that is existing within this area of the company. (ibid).

The Market

Ferruform's products are established both on the Swedish and on the international market. The customers are present in the heavy vehicle manufacturing industry, truck manufacturers and system suppliers. The focus today is mainly directed to design and production. Ferruform will concentrate on the present customers regarding the axles and the steel profiles as no new customers are to be expected in the nearest future. Within the area of steel constructions there is a possibility to find new customers. Quality, just in time delivery, flexibility and price are all important issues for companies like Ferruform to take into consideration if they aim to be a market leader in the future. (Ferruform, 2003)

Suppliers that offer flexibility regarding production, delivery and closeness to the customers have a bright future waiting. In this matured market, prices and business conditions are under hard pressure; this raises the demand on the suppliers to have everything working perfect. In which way a company will meet the future depends on the company's ability to maintain a steady, dynamic progress and conduct improvements in a never-ending process. (Ferruform, 2003).

Co-operation with Other Organisations

Ferruform knows that it is important to work together with the best partners and suppliers around. Evonet is an industrial network, which gives Ferruform a broader competence and capacity. Another co-operator is Luleå University of Technology, which is important for Ferruform's research process both concerning technical progress and as a base for competent co-workers. World-class concept is a concept used by Ferruform. It means that high tech and human capital makes Ferruform competitive. World-class process takes care of the most powerful part of the company, the personnel. At Ferruform, decisions are taken where the competence is the highest. It is Ferruform's intentions that the employees would constantly be educated to meet the customer's demands and expectations. This gives a broad insight of the market and makes it possible for Ferruform always to be prepared for offering solutions. (Ferruform, 2003).

Marketing

The heavy vehicle industry is under heavy price pressure, and the marketing is concentrated on the technological process, thus promotion has only secondary focus. Regarding selling, personal contacts are important. The marketing effort is directed toward present customers. This is done by a marketing communication through brochures and other printed media. Furthermore, the company is distributing offerings and announces to customers in different industry specific magazines. Ferruform arranges research and development days for present and potential customers. Finally, they visit both international and domestic trade shows. (Ferruform, 2003). Ferruform has the intentions to offer clever logistic solutions and good knowledge about communications, whatever place on the map their customers are located in.

Internationalisation

The heavy truck industry is an industry with tough competition; this is a consequence of the limited number of heavy truck producers, throughout the world. Being a supplier in this industry force companies to expand marketing activities to the entire market, without taking into concern in what country the potential customer are located in. As the heavy truck producers in the world are limited, Ferruform chose to begin with the potential customers located in Sweden, where Scania already was a customer, Volvo Trucks suited their marketing efforts of broadening their customer base. This was how their international operations started, as Volvo Trucks has manufacturing plants all over the world, selling to

Volvo Trucks was export by definition, even if Volvo Trucks is a Swedish firm. (Ferruform, 2003).

4.2 Motives for Piggybacking

The overall motives for export, and piggybacking more specific, are outlined, first in general matters, then more specific through a description of the customer oriented motives which explains why they are using a carrier for exporting, by Mr Espling, the respondent.

According to Mr Espling the general motives of export operations began as follows. When Ferruform was being separated from Scania, which they were a part of until 1997, the most important issue was to show the market they could handle more than one customer. As Ferruform had been just a plant for manufacturing parts to Scania's trucks, and Scania wanted to be assured they got the lowest costs possible, for the pieces for their trucks, an overall outsourcing program was implemented. What was, at the time, Scania, saw the possibilities, not only to maintain market shares at Scania, but also to find new customers. The truck industry is very narrow in the domestic, Swedish market, as well as from an international point of view. There are only two potential customers within Sweden, Scania and Volvo Trucks. Ferruform had the capacity to satisfy the demand from Scania, and when this was done there still remained production capacity within the production plant located in Luleå. As this stood clear the local management had to take a decision whether to decrease the volume capacity or to try to find new customers. Ferruform was convinced they had the potential of being a supplier to more truck manufacturers than only Scania. With this in mind they started to scan the market for potential customers and as they had long experience of the heavy truck industry, they draw the conclusion that they had to convince the market of their capability to handle more customers than just Scania. This issue was also communicated to Ferruform from potential customers.

A rational step is to look for the nearest alternatives, and so did Ferruform. As Volvo is a well-known Swedish truck brand, the decision of trying to obtain Volvo Trucks as their customer was taken. The work started and Ferruform tried to convince Volvo Trucks of their capability of being their supplier of engine members. Ferruform's main reasons as to be a supplier to Volvo Trucks was to use more of the total capacity of their production plant, as well as to gain credibility from the market as a supplier that can deliver to more customers than just Scania. This gave them trustworthiness, which was another reason for broadening the customer base, according to Mr Espling. When they had more customers than just Scania, Ferruform was convinced they were less sensible of a potential bad sales performance by Scania. Trustworthiness was important as the process of producing a truck is very sensitive in terms of delivery, a delay in delivery will make the process much more expensive, whereas time is money.

Ferruform initiated the process of obtaining Volvo as a customer, says Mr Espling. Ferruform initiated contact with Volvo Trucks and their intentions was to see what Ferruform had to do to meet their demands, what they required every supplier to fulfil. This was in 2001 and a detailed programme was starting where Volvo Trucks evaluated Ferruform in close detail through their SEM programme. However, there was no real deal between Volvo Trucks and Ferruform closed until a proposal from Norwegian supplier Raufoss was coming up. Raufoss owned a production plant in Konga, Sweden which did not do too well. Raufoss was a supplier of Volvo Trucks through their production plant in Konga.

Discussions with Volvo Trucks were taken more seriously, from Volvo's part, Mr Espling states, due to the fact that Volvo Trucks was relying heavily on the parts from the production plant in Konga. What first had to be investigated was if Volvo Trucks was interested in working with Ferruform if they implied the acquisition of the production plant in Konga from Raufoss. The acquisition of the production plant in Konga was a fact in 2001 and hereby Volvo Trucks was a customer of Ferruform. This was in the interest of Volvo Trucks as well, as there were not too many potential buyers of the Konga plant. Mr Espling says that it was a win-win concept for both Volvo Trucks and Ferruform. This led to, at least from Ferruform's point of view, a gaining of market credibility.

Ferruform, according to Mr Espling, obtained hereby all of the objectives they did outline when they broke up from being a part of Scania.

Generally speaking, when expanding business, certain regions or markets are not what they aim for. As the heavy truck producers are not too many, they see it as hard trying to focus on a specific geographical region, Ferruform tries to focus on specific customers, as every deal, is relatively large, in terms of investment costs, and has to be negotiated carefully, it is not an option trying to reach, for example, the German market.

When doing business in this branch there are certain factors that are important, as we are a large supplier in terms of our capacity and employees, with high fixed costs. This sometimes makes the products more expensive, than the competitors. This makes conducting business somewhat tricky, he says, as the opposite part, the potential customer; always keep on referring to price as the most important issue when doing business in the heavy truck industry.

Although, assurance of delivery on time is a requirement for being a supplier in this business, you have to be reliable in terms of delivery. This goes as well as with the quality of the product. The quality and delivery aspect have to be met in order to be able to offer on a deal with Volvo Trucks. Then price is what the customer holds as the most important aspect. This is contradicted in reality, as Ferruform sometimes is seen as a high price producer, and still can close deals with Volvo Trucks. Mr Espling thinks that the overall performance is important, and price is just a part of this.

This fact that production is done in another country than the deal is closed in affects Ferruform in no particular meaning, says Mr Espling, what is affecting us, he says, are the conditions of the delivery. However, he continues, the legal aspects are somewhat different when selling to a producer in another country, for example; the administration of the product and the payment. We are using proforma invoices for the case of the customs and all of our packages have to be described in order to evaluate the value of the product, which is important when deciding how much the tariffs are for the product of export.

When negotiating the deal the custom is to decide in advance where a potential dispute would be settled, and it is in the interest of both parts to have a settlement in their domestic court, for obvious reasons. As this is the buyers market, Ferruform has no intentions of screwing the deal if they do not have they opportunity to settle a legal issue in Sweden, that is not of that much significance, he says.

When doing business with Volvo Trucks, Ferruform does not interfere in the logistic part. As Volvo Trucks has its own logistic department they take care of everything from the quay to its production plant in whatever country it may lay in.

When doing business internationally, whatever the arrangement it is, there is always a language problem, misunderstandings occur, from time to another.

It is in the interest of Ferruform, says Mr Espling, to engage in international businesses. We believe that our trustworthiness will increase with the number of well-known international customers we are engaged with. We have the intentions, when we initiate a deal, to keep the purchaser out of the business as long as possible. As contacts often are taken on the producing level, technicians speak to each other in order to examine what possibilities we have to make a component for the customer. This is often a contact initiated by our salespeople. If Ferruform would decide, states Mr Espling, we would make business with each of the local production plants for Volvo Trucks, it is not in our interest to make packages, we want as many customers as possible. When Volvo Trucks has one purchasing department for several production facilities that is for being in a better position for negotiating the deals, as the coordination makes them strong, with larger volumes.

When Ferruform has signed the contract with Volvo Trucks it is done after detailed plans are implied by the technicians from the both companies. When the technical details are settled the purchasers from Volvo Trucks and the salespeople from Ferruform sit down to sign the contract.

4.3 Advantages and Disadvantages of Piggybacking

Advantages

Mr Espling prefers to use the word comfortable when he describes the advantages within the cooperation with Volvo Trucks. This is obvious when the customer is from the same country and both parts speak the same language. This fact makes negotiations easier and more effective and the risk for misunderstandings is much lower. Even if Mr Espling considers himself as good at speaking German, and other people in the market department have good skills concerning English, this is not their mother tongue and therefore misunderstandings occur from time to time.

He continues by talking about the problems that can occur when making business with foreign companies regarding juridical disputes. When selling to Volvo Trucks the two companies have the same laws and if there are any juridical disputes they can be solved under Swedish laws. If Ferruform had conducted business with a foreign company the consequences for Ferruform had been to contract a foreign lawyer. The risk for costly and time-consuming disputes is much lower when conducting business with a Swedish partner.

Mr Espling told us, most likely because B2B differs from B2C, that the advantages, which are common in the B2C relationship hardly exist in the B2B relationship. Differences are huge between B2B and B2C especially regarding market information. Whereas market information regarding the end consumer is not needed from Ferruform's point of view. Segment information; is not either an issue as they are only concentrating on the industrial firm. Promotion of the end product does not really concern Ferruform, as they are interested in the promotion from an industrial perspective, to their customers.

This is explained by the fact that Ferruform's product is not a product side by side of Volvo's Truck's products; it is a product that is essential for the final production of Volvo Trucks, so to say.

Furthermore, Ferruform is not delivering a brand critical product where the brand is important, this line of business, he says, is something completely different from selling jeans, shoes, beverages or other products where the brand often is the most important issue. This means that Ferruform has to take care of most of the parts within the marketing mix by themselves and cannot rely solely on a well-known brand.

About the distribution part of the marketing mix Ferruform were very satisfied with how this was working in the relationship with Volvo Trucks, since Volvo Trucks make sure the product will be distributed in a proper way and takes the responsibility from the moment the products are at the platform of logistics.

Mr Espling says that Ferruform has the resources necessary for an internationalisation but they do not have the experience. The marketing organisation is new and is not used to attract new customers, as a result of being a part of Scania. This cooperation with Volvo Trucks can be seen as a learning period for Ferruform. Ferruform talks with Volvo Trucks and receives continuous information about important issues concerning the manufacturing of their products. They can through this gain knowledge concerning the entire process and can learn about how international business is working.

Furthermore, he sees the co-operation with Volvo Trucks as a way to show other potential customers that they are able to construct components to other customer than Scania. With this cooperation with Volvo Trucks they have the possibility to show flexibility, which is a lead word in this kind of business. This gives Ferruform a great opportunity to broaden their market and be less vulnerable if they loose a customer. He continues by saying that it is always good to make businesses with well-known companies and use them as a reference when dealing with other potential customers. He says that they are satisfied with the business they make with Volvo Trucks but they strive to sell abroad on their own behalf in the future to show that they are trustworthy and can handle international business by themselves.

Disadvantages

Ferruform supplies a product to Volvo Trucks that is a small component of Volvo's final product, which is hardly visible for the end consumer, the only that connects the product to Ferruform is a serial number. If there are problems with the product Ferruform supplies to Volvo Trucks, which is extremely rare, disappointed customers first talk with the truck producer who then complains to Ferruform which means that Ferruform have no contact with the end consumer.

Ferruform sees no risk that Volvo Trucks tries to copy their product, as Volvo Trucks do not have the competence to manufacture the products that Ferruform supplies. The components that Ferruform produces are outside Volvos Truck's core business. Therefore, the risks of some copying of the process are of minor relevance. However, Espling sees another problem related to this.

When engaging in a close relationship like the one that Ferruform and Volvo Trucks have, they have to reveal secret information to the partner regarding the product and how they produce it. This information revealed to the customer could be used by the customer to other potential suppliers, which could mean that Ferruform could lose a competitive edge that they have invested heavily in.

If, for example, Ferruform does not meet the demands from Volvo Trucks, it is of minor risk that they turn to another supplier while in serial production of a truck. He continues and explains that a company like Volvo Trucks often makes heavy initial investments within the suppliers company. Companies like Volvo Trucks often own the machines and as long as the production of a specific model is ongoing they seldom change the supplier. However the risks are much higher when its time to modify products, if problems has occurred, it is likely that the producer, in our case, Volvo Trucks, will change supplier when starting on a new model, Espling says. In addition, he concludes by saying that the possibility to change supplier are always there, especially as Ferruform is not manufacturing products where the brand has any importance at all, so from that view it is easy to change supplier. But changing the supplier is not as common as in other line of business where the huge initial costs do not exist for the producer.

Mr Espling says that Ferruform is satisfied with the fact that they are conducting international business in a domestic environment, which is the case when conducting business with Volvo Trucks things gets less complicated. The complicity of the deal is complicated enough; taking in other aspects into consideration gives Ferruform more areas where problems may occur.

The difference between this line of business, with the industrial perspective and the business-to-consumer, concerning marketing and promotion is sometimes crucial concerning promotion of the product. Working with Volvo Trucks as Ferruform does gives us no promotional booster, he says, that is not the way it works in this business, we have to take care of all of the marketing mix elements ourselves, apart from the distribution process.

4.4 Carrier-Rider Relationship

Ferruform contracted Volvo Trucks as a customer through the acquisition of the Raufoss production plant based in Konga. This was how the relationship with Volvo Trucks started. Ferruform sells to Volvo Trucks that is handling the distribution process; he describes it as a comfortable relationship as both companies are Swedish and the advantages that it means concerning language, culture, laws and financial terms. Based on business foundations Espling says that he is satisfied with how the relationship with Volvo Trucks has developed.

He continues and talks about the atmosphere in the relationship and says that it is as good as it can be in a business relationship. He says further that this is professional business and it involves a lot of giving and taking, take as much as you can and give no more than necessary, without being rude.

Ferruform has the intention of having a so called open-book relationship with Volvo Trucks, which means that Ferruform has to reveal more information to Volvo Trucks than they prefer concerning the production process and what expenses they have when producing the product. These costs are something that Volvo Trucks wants to know all about in order to cut the price of the product. Volvo Trucks wants to break down the production process into details to find steps in the production process where they think that Ferruform could be more effective and using less people in order to make the product cheaper for Volvo Trucks. Mr Espling explains that this is how the branch is working; they have the same kind of relationship with all their customers.

Mr Espling talks about the branch in general and says that the customers are few, he estimates them to be around ten and very strong as mergers has been common in the latest years. This

fact makes it really tough for companies like Ferruform to put any pressure at all on these companies. Especially as the product that Ferruform supplies is not considered as a core part of the vehicle, like the cabin or the engine is.

The part that Ferruform manufactures is beneath the truck, not visible at all for the end consumer of the vehicle. This is probably not the first part that the end consumer will take into consideration when deciding what truck to buy. This gives Ferruform a position within the relationship with Volvo Trucks that cannot be considered as the part that rules the relationship. He realizes this and says that they have to face the fact and try to negotiate as good conditions as possible.

The degree of formality is high within this business, and the relationship with Volvo Trucks is no exception from that. He explains that this branch has existed for a long period of time and according to Espling the older the branch is the more formality it involves. He compares it with the IT business a few years ago as something completely different where huge deals could be done over a beer at a bar and the people involved were dressed in shorts and the deal was confirmed with a handshake.

He says that this branch is the opposite and explains that this business needs the formality as there are huge amounts of money involved in almost every deal and the complexity is high. The contracts are often of a long-term character where a bad decision would mean extremely high costs. He summarises the discussion about relationship by saying that he is satisfied with the relationship with Volvo Trucks. The circumstances today are that customers like Volvo Trucks are strong; this is something that both Ferruform and Volvo Trucks are well aware of. Of course Espling would rather have seen that the conditions were the opposite but he says that he and Ferruform have to face the fact. The chance that this will change in the nearest future is something not worth taken into consideration when making plans for the future.

5 ANALYSIS

In this chapter we shall analyse the empirical data collected through interviews with Ferruform and presented as a case study in chapter 4, against the theories presented in chapter 2 as well as the conceptual frame of references developed there.

5.1 Motives for Piggybacking

In order to describe the Piggybacking method of entry to a foreign market suggestions are brought up by different researchers, below follows a description and a comparison.

Terpstra and Chwo-Ming (1990) state that general reasons for piggybacking are that the two companies search for advantages in another company, which they do not have themselves. For Ferruform the reasons for engaging in piggybacking are somewhat different; they are not actively searching for a partner in order to reach another, foreign market, they are searching for a customer in order to broadening the customer base in order to gain credit as a reliable supplier that can handle more than one customer. If the customer is active on another market is not of major significance. As the industry where they are active, the heavy truck industry, has few, large potential customers, the issue can never, according to Ferruform, be to choose one that is active on a foreign market. If they are active on a foreign market, it is a bonus, as Ferruform experiences it, as an increase of trustworthiness showing the ability of conducting business internationally. This contradicts the theory to some extent. It is true that Ferruform and Volvo Trucks are seeing advantages within each other; otherwise it would be no business deal at all. However, as Ferruform does not actively search for export to another country, they search for customers, which happen to use the product for production in a foreign country.

The motive for Scania to make Ferruform independent was to raise competition among suppliers, which they could never have done when Ferruform was a part of Scania. Terpstra and Chwo-Ming (1990) says that a company could engage in a piggybacking agreement, if it is more economical efficient to buy a product from another producer, than produce it themselves. Here we see that the theoretical framework is having its foundation in reality, found in our case.

What Ferruform stated was that the fact that their products are present on the foreign market will not enhance the performance of Volvo Trucks. Maybe, from what Ferruform desires, is that the end product, the truck, will be of better quality with the presence of Ferruform's products. However, they have little information on the issue if the consumers even know that Ferruform is engaged in the production of a Volvo Truck. When there is a combination of products that will complement and enhance the presence of both firms, there are likely good motives for two companies to engage in piggybacking (Lewis and Housden, 1998). This, if interpreted as the end product is of better quality, it follows literature; yet, this is hard to prove within the border of this study. Without Ferruform as a supplier, Volvo Trucks would have had another supplier, probably a supplier that was involved in the offering of the deal. The fact that Ferruform won the offering would tell us that from of Volvo Truck's perspective, Ferruform was the best choice, therefore Ferruform's presence enhance and complement the presence of Volvo Trucks. If this is true it follows literature.

In our case, compared to other suppliers within the industry, Ferruform is relatively large, and has comparable large resources for export. Their product line, compared to other suppliers'

product line within the heavy truck industry, is broad. Their motives of choosing piggybacking as a method for export does not go hand in hand with what contemporary research suggests, as Terpstra (1997) says that a company with limited resources and a narrow product line for export has good motives for looking for a piggybacking agreement.

Lewis and Housden (1998) suggest that a company that sees opportunities within a foreign market but has a low level of experience should try to find a carrier in order to exploit this opportunity. Ferruform does not really see it that way. As they are not aiming to fulfilling an end consumer demand of a certain product, it is more of a quality demand from the producer, which do not derives from specific countries, but from specific usage conditions. Which are generally not limited to a certain country, it is more a branch specific condition. As Ferruform sees opportunities within a potential customer, more than from a country specific market, this is difficult to say that it goes along with what literature suggests.

Terpstra and Chwo-Ming (1990) continue by stating other motives for the rider to piggyback its products. If a firm has extremely good market coverage, or channels to distribute and promote its product it would be wise to engage in a co-operation with that firm, in terms of effectiveness of the distribution channel, likely, fewer resources will be used to meet the same market as doing the marketing operations themselves. Those motives suggested by the literature of piggybacking when using them on Ferruform in a business-to-business environment, are pointing toward the same direction as stated above. The initial motive is not the good market coverage; or the excellent distribution channels of a customer, in this case Volvo Trucks. There are other motives that are crucial. Viewing it from the perspective of if it was the distribution channels that attracted Volvo Trucks to the interest sphere of Ferruform is to neglect the reality that is the power of the buyer. The supplier, rider, in this case, has no chances of choosing a carrier. The carrier chooses the rider, in a tough competition among the suppliers that have the desire to work with Volvo Trucks. For these stated reasons, we see that there are other reasons and motives that are of primary importance when deciding to engage in a business deal, in our case. As the deal is closed then it could be a major positive effect that Volvo Trucks has a terrific logistic capacity, although that is not why Ferruform chooses to engage in a deal with Volvo Trucks. As a consequence of these matters this is not what literature says.

5.2 Advantages and Disadvantages of Piggybacking

Some researchers have described the advantages of Piggybacking as a method of foreign market entry, here we will found out if these previous findings fit our case.

The way that Ferruform started to use piggybacking as their mode of entry to a foreign market was more of a coincidence than a planned strategy. Ferruform acquired a production plant, which already was a supplier of Volvo Trucks, and through this acquisition they obtained Volvo as a customer. Nevertheless, that is the way it worked between Ferruform and Volvo Trucks. In connection to this literature says: inexperienced companies could use piggybacking as their mode of entry to foreign markets as it is considered as a low risk method of internationalisation. A company in the early phase of internationalisation piggybacking could be a possible way of entering a foreign market without taking the risk of ruining the company. (Walsh, 1981). This was not the main reason or some kind of planned strategy to minimize the risk for Ferruform. The main reason for start doing business with Volvo Trucks was not with the intentions of conducting international business; this was something they received as a bonus. The main reason for the cooperation with Volvo Trucks was to acquire a new

customer. Piggybacking is still a low risk method of entering a foreign market, which is exactly what the literature suggests, but the reasons why Ferruform have chosen this method to reach foreign markets are somewhat different. Low risk is not necessary the primary reason why Ferruform uses piggybacking as a method for internationalisation. This could be urged to go with what literature suggests, as it is still a low risk way of internationalisation, even if Ferruform does not see it as the main advantage when doing business with Volvo Trucks. It is still an advantage. However, this issue of piggybacking has to be said not matching reality.

The advantages regarding the marketing mix which is taken up in the theory hardly exists in this line of business probably because B2B differs from B2C. Ferruform's product is a part of the carrier's product, which not is visible for the customers, and not a product side by side to the carrier's product, which is something that is common when the piggybacking concept is used. Volvo Trucks does not promote Ferruform's product, which is understandable, it is not in the interest of Volvo Trucks to promote every little detail in the truck that they are not producing in-house. Even if Volvo do not promote Ferruform's product, Ferruform has the opportunity to use Volvo's name as a reference when searching for other potential customers. This is an important advantage for Ferruform that the cooperation with Volvos gives. As stated by Terpstra and Chwo-Ming (1990) it is seen from the rider's point of view that it is an advantage that it could use the marketing mix of the carrier, but as seen in our case, based on the fact that this is an industrial marketing business, it is hard to verify. What is verified is that the opportunity to use Volvo Truck's well-maintained distribution web, is a definite advantage. The other variables of the marketing mix such as promotion, market information, pricing issues branding and so on, are hard to see as an advantage for Ferruform as it is hard to exploit these issues of the marketing mix, in a industrial marketing context. In connection with this Terpstra and Chwo-Ming (1990) says that another advantage within the piggybacking concept is the possibility that the carrier cover most of the market mix. This fact gives the rider information about the market, segment of the market to concentrate on, promotion, distribution and international pricing tasks, this means that piggybacking not only is a low risk method of internationalisation it is also comfortable. What research has shown being the advantages in a piggybacking concept for the rider regarding the marketing mix cannot be utilized by Ferruform when doing business with Volvo Trucks.

As Ferruform is an inexperienced exporter it could be seen from their standpoint to be a learning experience. Their marketing operations dates back to 1997 and therefore the experience is limited. Being in a partnership with Volvo Trucks who has long experience of conducting international operations, gives Ferruform valuable experiences. Literature says with the words of Terpstra and Chwo-Ming (1990) that companies can use piggybacking as something transitional or as Root (1982) says; as a learning experience, where the inexperienced company can gain knowledge concerning many of the aspects within the internationalisation process. This is almost exactly what literature suggests in terms of what the piggybacking agreement will give rise to for the rider. The issue here is not what the intentions are, but what the outcome is.

Another advantage that Terpstra and Chwo-Ming (1990) points out is the more focused selling that the products of the rider receives. Generally, the carrier has only products that complement their own product and no competing products, which often is the case when using a distributor. This means that the rider has the product directed to the appropriate market segment. (Ibid). Ferruform acquires more focused selling to the appropriate market segment - the carrier obtains a product that complements their products, and the carrier has no products that are competing with Ferruform's. But as Ferruform's product is a part of Volvo

Trucks' vehicle that is the end product, this cannot be seen as an advantage that Ferruform can utilize, the way literature suggests. These facts, found in our case of Ferruform, are verified by the theory, viewing the issue from a certain angle. As Ferruform's product is a part of the end product - the truck, it means that the products of the two firms are not competing with each other. So far the theory is verified by our case.

Regarding the appropriate market segment, we chose to assume that Volvo Trucks' customers are not interested in the product that Ferruform are offering, we are forced to say that the market segment that Volvo Trucks are helping Ferruform to focus on are not the appropriate market segment for Ferruform's product. The market segment Ferruform wants to reach, the heavy truck producers they have already reached through the deal with Volvo Trucks, which is their primary customer segment. Seen from this perspective reality contradicts the theory of what an experienced advantage would be like, for a rider in a piggybacking concept.

Disadvantages

As well as advantages have been described, so have the disadvantages. Below we will see what our case tells us about the disadvantages.

Czinkota and Ronkainen (2001) state that when a company leaves the control of the product to another company they will be dependent of the good will of the company. Leaving the control of the product to another company can be dangerous as the product can be seen differently from what the intentions of the rider was. (Albaum et al, 1994). Ferruform's product is a part of the carrier's product, not visible for the customers. This means that most customers of Volvo Trucks do not know that Ferruform is a supplier to Volvo Trucks. This contradicts theory, as Ferruform do not see this as a disadvantage to take into consideration when conducting business with Volvo Trucks.

The possibility is always present that the carrier could manufacture a similar product, but in this case, Volvo Trucks has outsourced the production of the product that Ferruform supplies them with for a considerable period of time and nothing is indicating that it would be different in the future. Ferruform think that Volvo Trucks do not possess the capability or the competence to produce this particular product. The risks are of minor significance as Volvo Trucks through the competition of the suppliers can press prices, if producing the product themselves, Volvo Trucks would lose this competition. Another possible disadvantage within the piggybacking concept is if the carrier uses the information they have received from the rider and tries to copy the product, especially if the carrier has the competence to produce a similar or a better product. (Albaum et al, 1994). However, Espling sees another possible disadvantage connected to this. This is the possibility that Volvo Trucks reveals information concerning the production process to other potential suppliers, even if Espling trust them, the opportunity is always apparent, it could be done by mistake

Albaum et al (1997) were warning for the possibilities of revealing information about the product to the carrier, certainly regarding the competitive edges. These are however nothing that Ferruform experiences a disadvantage. So this disadvantage of the piggybacking agreement, suggested by literature, are contradicted by the findings in our case. The risks are that Volvo Trucks are using the information to improve another supplier's product.

Concerning the possibility for the carrier to change rider, Ferruform is aware of the risk especially when the carrier is developing a new product, but as long as the product is existing and used, they consider the risk to be low. In this branch the initial costs are extremely high,

often the carrier is the owner of the machine that is used when producing the product and the rider has to do extraordinary mistakes to lose the customer. Terpstra and Chwo-Ming (1990) state that as long as the rider is reliable and innovative there are no problems, but if not, it is easy for the carrier to finish the relationship with the rider and find a new company to cooperate with. Young et al (1994) says that another disadvantage with the piggybacking concept is to find a suitable partner. Ferruform has the intentions to scan the market in order to expand businesses, that is, to broaden their customer base, and increase sales. Their initial intentions are not to find a suitable partner in order to reach a foreign market. Ferruform explains it, as the major difficulty is to close the deal with the customer, because of the tough competition among the suppliers competing of being a supplier of Volvo Trucks. Generally speaking, the issue is not about finding a suitable partner for the piggybacking operations, it is about finding a customer. This is therefore a clear contradiction to what is said in theory about what problems that may be found within the piggybacking concept.

Ferruform have to take of issues concerning marketing and promotion by themselves, as this is the custom in this line of business. As Ferruform's product is a product beneath the Truck they do not count on the possibility that Volvo would promote their product. In this line of business the product do not get secondary focus concerning promotion; it gets no focus at all from the carrier it is up to the riders to take care of this issue by themselves. Promotion and branding is something that Lewis and Housden (1998) brings up as a potential problem as the carrier now have two products to promote, the risk is huge that the riders product get secondary focus and this issue must be taken care of before the start of the relationship, otherwise it can prevent the growth for the rider. Espling concludes by talking about what he thinks is the major problem/disadvantage when a company uses the piggybacking concept. If Ferruform only uses the piggybacking concept when they conduct international business they never get the possibility to show their ability to take care of international business on their own.

5.3 Relationships in Piggybacking

The relationship in a piggybacking context has been examined very briefly in contemporary research, however we will below try to decide how our case fits to what is stated in previous research.

The branch that Ferruform is a part of has experienced a lot of mergers and acquisitions during the last decades, especially on the production side. This is done in order to be stronger as competition has increased among the heavy truck producers. As the suppliers on their hand have experienced few mergers, the gap between the producers and the suppliers regarding size and strength has increased. The consequence of this is that the producers have become stronger, and the suppliers have lost in power. What is stated in literature in connection to this according to Root (1982) is that a relationship within the piggybacking concept often consists of a large and a smaller firm. What literature suggests is confirmed by our case of study. They correspond to each other in a way that the gap between the larger producer and the smaller suppliers are increasing.

The possibility for a working relationship will remain as long as there are profits to be done for both parts. (Telsar, 1980). Very few companies remain in a business relationship if they do not experience any advantages within the relationship, and so it is found for Ferruform. But as the competition is very hard for the suppliers in the heavy truck industry, the margins are decreasing and companies like Ferruform has but one opportunity, to try to marginalize the

significance of prices into other aspects of the deal; like delivery, quality and the capability of innovation. This is a fact both in theoretical framework of the reality we found; firms engage in business relationship to earn profit. What differ are the margins and what part within the relationship that takes ownership of the profit. This is a consequence of the strength within the relationship.

Ferruform and Volvo Trucks have a so-called open-book relationship where they try to have an open and friendly relationship, which is built on trust. But as this is business and both parts wants to make as much as possible this openness is relative, no part wishes to be more open than necessary as this can be a disadvantage when it is time for negotiations concerning the business deal. It is found in research that the foundation for the relationship should be built on trust and an open and friendly atmosphere. (Lewis and Housden, 1998). The foundation of a working relationship is the same in theory as in our case Ferruform. Some differences are shown regarding of how open and flexible a company in reality is. There are issues to take into consideration like the risk to reveal competitive edges, and the formality within the branch. However the intentions are there from Ferruform's point of view, to a certain extent, though. We see only minor contradictions between the theoretical framework and the reality found in our study regarding the issue of a relationship built on the foundation of an open atmosphere.

The branch that Ferruform is involved in is a relatively old and very formal branch. It is a branch that contains complex products, huge deals and long-term contracts where a bad decision could mean a disaster. This fact makes the flexibility very low. The theory says that arrangement should be flexible in order to have an easier maintained relationship. In reality, this flexibility depends on what kind of business companies are involved in; some branches need a high degree of formality because of the type of deals, one of these is the heavy truck industry where Ferruform is a part of. Lewis and Housden (1998) state that it is important to hold the arrangement flexible this makes all the issues concerning the relationship easier to cope with. In connection to these matters our case and theory do not support each other concerning the issues of flexibility in the relationship.

There are some issues worth discussing before answering the research questions that will affect the outcome and the conclusions drawn. What is of major significance, as we have seen, when we conducted this research, is that we did choose a company for our case study that is involved in a business-to-business context. This is of significance as the concept of piggybacking has been developed from a business-to-consumer perspective, and the general motives, advantages and relationship matters are stated from a perspective where the exporting company would seek end consumers.

6 FINDINGS AND CONCLUSIONS

As this is the final chapter of the thesis we will conclude the empirical findings of the research conducted. To be able to do that we will restate our research questions and attempt to answer them based on our data, which have been collected and analysed. Conclusions will be drawn from the sample of this thesis. As our study is made through a qualitative approach no generalizations will be drawn. The outcome will hopefully help us reach the purpose of this thesis as stated in chapter one, which is to gain a better understanding of piggybacking as an internationalisation strategy for industrial firms.

6.1 General Explanation of Piggybacking

There are some issues that are influencing our findings and conclusions, especially the fact that this theory is mainly focusing on the business to consumer perspective and our case are involved in the business-to-business concept.

6.2 How can the Motives for Piggybacking as a Method of International Market Entry be Described?

In our research different motives were identified when investigating our case. The most prominent motive was the issue of expanding businesses and through that increase sales volumes, in order to meet the fully potential of the capacity of the production plant. Export or not seems to be of secondary importance for the company in our study.

The fact that they used to have but one customer made them vulnerable to this customer's performance. A rational step was then to increase the customer base in order to make them less sensible to a potential bad performance of this major customer. Another motive seems to be the gaining of trustworthiness, as deals often are of a long-term character, reliability is important, due to the high investment costs. With just one customer, the reliability of handling more customers is questioned. Consequently, attracting more customers raises the credibility of the producer.

Motives of more export-oriented character are found; and have the form of being a way of gaining credibility from the market, as most of the international truck producers are known worldwide.

Moreover, the fact that competition leads to a more effective economical atmosphere, in terms of the outcome per invested unit is a good motive for business, so it was found in our study. The company in our study was being independent as a result of a solid outsourcing programme.

Their motives of piggybacking go hand in hand with this discussion. As their customers are concentrating on the core product and see it as more effective having several suppliers competing of the orders, therefore from what we can assume is the case for the end producer, they see it as more effective of buying from an independent supplier, than producing it themselves. The result of these findings makes this a good motive for piggybacking.

To conclude the motives why firms may chose the method of piggybacking as their method of internationalisation we wish to summarize them as follows:

First and foremost to attract more customers and through that increase the sales volume, another reason in our case was to be less sensitive of the market performance of their largest customer Scania. Finally another reason was to gain credibility within the heavy truck industry.

6.3 How can the Advantages and Disadvantages of Piggybacking be Described?

An overall description of the advantages, based on our findings in this study, is the fact that it is, compared to other export operations, it is considered by the firm of investigation as a smooth way of conducting international operations. The fact that the buyer is located in the same country as the producer makes issues less complex to handle, mostly in terms of language and cultural matters.

The use of piggybacking is definitely a low risk way of handling their export operations. However, the main advantage is not outlined initially as a separate objective when conducting export operations, it has more the character as a bonus. We found that the advantages are not seen from the perspective of how the operations of businesses are conducted; they are more seen from a perspective of how good profits there are on the deal.

The advantages of piggybacking can also be described as being valued in terms of how well the firm is doing within the deal with the customer, not from a specific angle of how well the certain concept work. Within the special case we found it interesting to examine the special marketing concept, and how it did relate to the second research question.

We noted that it is seen, from certain angles, as a major advantage working within the piggybacking concept, but it is hard to prove that this would be the certain aspect that an industrial firm is looking for. In terms of using the other, larger firm's, distribution channels it is seen, as a clear advantage.

Moreover, the concept of piggybacking is giving the company of our study some valuable experiences of international operations. As this, formally, is a deal between two Swedish companies, although the contacts are to some extent between the production location, located in a foreign country, and the Swedish supplier, it has the form of an international relationship, giving them valuable experiences working with a firm from another country.

In addition, advantages as stated by our firm of study are the simple fact that all of the operations with a known truck producer are positive for their business progress. Every customer is a potential reference in the future, building up the credibility of the firm. If this is thanks to the usage of the piggybacking arrangement, we found no proof for, in this study.

The disadvantages within the piggybacking concept are somewhat tricky to conclude. As the disadvantages we found seem to come more from the very nature of the line of business our firm of study are in the context of. What are found out and described as disadvantages are basically coming from the power of the buyer within the industrial marketing context. Concerning this we saw a limited number of observations that could verify the disadvantages described in the frame of references. In connection to what was found out conducting this research we find it difficult to state overall disadvantages of the piggybacking concept as a major outcome of the fact that this theory is used.

However, what we consider a disadvantage, based on our conducted study, is the matter of revealing information to the partner of the piggybacking about the production process. This is something that is important for the customer to know about, as he wishes to do improvements in order to cut costs, and to increase the efficiency, and is something that one has to reveal if he wishes to stay in the agreement or even to develop it further. The nature of the agreement leaves no doubt that it is the only way of working, and could lead to revealing, indirectly, secrets of the production manner to a competing supplier.

It is hard to find a suitable partner, i.e. a customer, as there are not that crowded with potential customers, as a result of mergers in the heavy truck industry. However this truth does not likely derive from the nature of the piggybacking. It is a basic requirement to be reliable that is taken care of when offering for a deal. Those proven not reliable will never have the opportunity to explore the weaknesses with a piggybacking agreement.

6.4 How Can the Relationship Between the Carrier and the Rider within a Piggybacking Arrangement be Described?

Major patterns about the character of the relationship were found when conducting this study, and was as obvious regarding relationships as with advantages and disadvantages; this is an area of business where firms are doing business with other firms. This is affecting the relationships in a most fundamental way. The complexity of the deals and the relatively few customers affect the relationship, maybe more than the way the usage of piggybacking is. We found indications that the nature of the industrial context is affecting the complexity of the relationships very much.

However, there are some regards worth mention considering the relationship within the piggybacking concept, which has to do with the piggybacking agreement. The agreement, as we found, are between a large and a smaller firm. A situation where the producer and the supplier are of equal size almost never exists. This is truly an issue that is not just confirmed in our work, but also was found out to be increasing, as mergers and acquisitions are happening all the time, within this line of business.

One stay within a relationship as long as one sees any advantage of being there, this is true in almost every business deal. So it is found in our research. Although the margins are decreasing due to the heavier competition, what we found were indication of a solution to these difficulties was to try to cut costs and be more effective within the present relationship.

In the heavy truck business the producers are few, and suppliers are several. This makes the producers very strong. The result of this seen from a relationship perspective is that the producer, the customer to our case study firm, has the opportunity to set the standards. So is the case even regarding the relationship. Even if the supplier wishes the relationship to be more open, or closed, in terms of not wanting to reveal competitive edges, the supplier has no real power to set the level.

The degree of flexibility in connection to our case study firm was found very limited. Due to the character of the deals, and resources involved in the deals, the flexibility was close to nothing. The overall pattern is when the deal is closed everything is settled, and only minor adjustments can be done, and those are always initiated by the heavy truck producer.

6.5 Implications

In this last section of the thesis, implications for managers, theory and further research within the area of piggybacking will be suggested. These implications are based on the empirical data, the analysis, as well as on the findings and conclusions in this work.

6.5.1 Implications for Theory

Our research has the overall purpose of gaining a better understanding of piggybacking in an industrial firm context, and we have tried to explain what the motives, advantages, and disadvantages then to describe what the relationship looks like in a piggybacking agreement. By looking at the concept of piggybacking in an industrial firm perspective it is our firm believe that we have contributed to this area of research with this thesis.

However, we found the concept of piggybacking to be applicable in an industrial firm perspective, though the findings, compared to what litterateur suggested was somehow different, most probably because of the fact that the entire theory is developed from a consumer marketing perspective.

What Terpstra and Chwo-Ming (1990), have suggested in connection with the concept of piggybacking, is hard to confirm, within a business-to-business perspective. It was found that the relevance of the business-to-business was more dominant than the use of piggybacking as the method of export operations, therefore the findings and the recommendations was hard to verify.

If the theory of piggybacking should be applicable to an industrial firm it has to be modified, and developed much further. The motives of why using a piggybacking agreement has little to do with what Terpstra and Chwo-Ming (1990) said, there were found to be other concerns that motivated our case study firm to use this concept.

This thesis indicates that the advantages can be seen in reality, as stated by for example Lewis and Housden (1998) however they were most often seen as a bonus of the concept, not as a main reason for using a piggyback agreement.

According to our respondent the disadvantages were not coming from the issue of the piggybacking agreement, they were derived from the nature of the industry with a situation were the buyers are much stronger than the sellers. This could be developed further, but not within the boundaries and the time frame of our work. This was not the idea or the overall purpose of the thesis.

6.5.2 Implications for Management

When conducting this study, some overall patterns were proved to be clearer than others. For these reasons we have some recommendations based on what we have discovered in this study. As the relationship between the suppliers and the producers are uneven a recommendation of looking for some kind of a stronger partnership on the suppliers side. As the concept of piggybacking do not fit the purpose, or the nature of an industrial firm, it would

be wise to look for another type of partnership, developed with an industrial firm perspective in mind.

Moreover, the possibility to be more visible within the relationship could be an interesting point to examine how it would be manageable. As we think, based on the findings in this work, it could increase the status of the supplier within the heavy truck industry.

6.5.3 Implications for Further Research

Throughout the work with fulfilling the purpose of this thesis we have discovered numerous interesting points to examine. It has, however, been impossible to do this within the frame of this thesis, therefore would like to include in the implications for further research.

- A comparison of the practise of piggybacking between companies in industrial and consumer firms.
- A study where one chooses the perspective of the carrier, and examines the relationship from their standpoint, as there is indications found that it is somewhat different from their perspective, as they are handling the end consumers.
- Conducting a study of piggybacking through a large sample of industrial firms to see if our findings are still valid.
- An investigation of the relationship matter needs to be developed further as previous research has handled these issues very sparse.

References

- Aaby, N.E. and Slater, S.F. (1989), "Managerial influences of the export performance: a review of the empirical literature 1978-88", *International Marketing Review*, Vol.6 No.4, pp.53-68.
- Albaum, G., Strandskov, J., Duerr, E., Dowd. (1994). *International Marketing and Export Marketing*. Cambridge: Addison-Wesley Publishing Company.
- Anderson, E. and Coughlan, A. (1987), "International Market Entry and Expansion Via Independent or Integrated Channels of Distribution", *Journal of Marketing*, Vol.51 No.1, pp,-82.
- Angelmar, R. and Pras, B. (1984), "Product Acceptance by Middlemen in Export Channels", *Journal of Business Research*, Vol.12, pp. 227-40.
- Auerbach, P. (1996) "Firms, competitiveness and the global economy", in Mackintosh, M., Brown, V, Costello, N., Dawson, G., Thompson, G., and Trigg, A. (EDS), *Economics and changing economics*, The Open University, London, pp. 393-425.
- Axinn, Catherine.N. and Matthyssens, Paul. (2001), "Limits of Internationalisation Theories in an Unlimited World", *International Marketing Review*, Vol.19 No.5, pp. 436-449.
- Bennett, R. (1996). *International Business*. M&E Pitman Publishing, London.
- Buckley, P.J., Pass, C.L. and Prescott, K. (1988), "Measures of international competitiveness: a critical survey", *Journal of Marketing Management*, Vol 4 No.2, pp. 175-200.
- Cavusgil, S.T. and Zou, S. (1994) "Marketing strategy performance relationship: an investigation of the empirical link in export market ventures", *Journal of Marketing*, Vol.58, January, pp. 1-21.
- Cavusgil, S.T. and Naor, J. (1987), "Firm and management characteristics as of export marketing activity", *Journal of Business Research*, Vol 15 No.3, pp. 221-35.
- Cavusgil, S.T. (1984) "Difference Among Exporting Firms Based on Their Degree of Internationalisation", *Journal of Business Research*, Vol.12. No.2. pp 195-208.
- Christensen, C.H., DaRocha, A. and Gertner, R.K. (1987), "An empirical investigation of the factors influencing exporting success of Brazilian firms", *Journal of International Business Studies*, Vol.19, Fall, pp. 61-77.
- Delacroix, J. (1984), "Exporting Strategies for Small American Firms", *California Management Review*, Vol.26, Spring, pp. 138-53.
- Dwyer, F.R. and Tanner, J.F, *Business Marketing*. (2001) McGraw-Hill, NYC, NY.

-
- Czinkota, M.R. and Johnston, W.J. (1983), Exporting: does sales volume make a difference?", *Journal of International Studies*, Vol.14, Spring/Summer, pp. 147-53.
- Czinkota, M.R. and Ronkainen, I.A. (2001). *International Marketing*. Harcourt College Publishers, Orlando, Florida
- Daniels, John.D. and Radebaugh, Lee.H. (2001). *International Business*. Upper Saddle River, NJ: Prentice Hall.
- Douglas, S and Craig, M. (1995), *Global Marketing Strategy*. McGraw-Hill, NY.
- Dwyer, F.R. (1999) *Business Marketing*. McGraw-Hill, New York.
- Eriksson, L.T & Wiedersheim – Paul, F. (1997). *Att utreda, forska och rapportera*. Malmö: Liber Ekonomi.
- Havlecheck, J. and McCuiston,T. (1983) “Industrial Distributors: When, Who and How?” *Harvard Business Review* 61 (March-April 1983), pp. 96-101.
- Jarillo, J.C. (1989), “Entrepreneurship and Growth: the Strategic use of External Resources, *Journal of Business Venturing*, 4(2), pp.133-147.
- Lewis, K and Housden, M. (1988), *An Introduction to International Marketing*, Kugan page, London.
- Lundahl, U. & Skärvad, P-H. (1992). *Utredningsmetodik för samhällsvetare och ekonomer*. Lund: Studentlitteratur.
- Madsen, T.K. (1989), “Successful export marketing management: Some empirical evidence”, *International Marketing Review*, Vol.6 No.4, pp. 41-57.
- McAuley, A. (2001). *International Marketing*. John Wiley&Sons, LTD New York.
- Osland, G., Taylor, C., Zou, S. “Selecting International Modes of Entry and Expansion, *Market Intelligence & Planning*, 19/3-2001, P. 153-161.
- Reynolds, P.D. (1971). *A Primer in Theory Construction*. New York: MacMillan Publishing Co.
- Root, Franklin.R. (1982). *Foreign Market Entry Strategies*. Anacom, New York
- Root, Franklin.R. (1987) *Entry Strategies For International Markets*. Lexington: Lexington Books.
- Root, Franklin.R. (1994) *Entry strategies for International Markets*. New York: Lexington Books.
- Strandskov, J. (1986). Toward a New Approach of Studying the Internationalization process of firms. *Working Paper* 4/1986, Copenhagen School of Economics and Business Admin.

Simpson C.L. and Kujawa D. (1974). "The Export Decision Process: An Empirical Inquiry". *Journal of International Business Studies*, 5 (Spring), 107-17.

Telser, L.G. (1980), A Theory of Self-enforcing Agreements, *Journal of Business*. January, pp. 27-44.

Terpstra, V. (1987). *International Marketing*. The Dryden Press, New York.

Terpstra, V and Chwo- Ming, Y (1990). "Piggybacking: a Quick Road to Internationalisation". *International Marketing Review* 7,4.

Terpstra, V. (1997). *International Marketing*. The Dryden Press, New York.

Wallén, G. (1996). *Vetenskapsteori och Forskningsmetodik*. Lund: Studentlitteratur

Walsh L.S (1981), *International Marketing*. Macdonald & Evans, Plymoth, UK

Young, S., Hamill, J., Wheeler, C., Davies, J.R. (1989). *International Market Entry and Development*. Prentice Hall, New Jersey.

Yin, R.K. (1994) *Case Study Research-Design and Methods*. Thousand Oaks: Sage Publications, Inc.

Zikmund, W.G. (2000). *Business Research Methods*. Orlando: Harcourt College Publishers.

Interview

Espling, Robert, Marketing Manager, Ferruform AB, April, 2003

APPENDIX A ENGLISH INTERVIEW GUIDE

General information about Ferruform

Company name

The respondent's name

The respondents post

Number of employed

Type of business

Year when the company was founded

Turn over

Business idea

Export Motives

1. What are the general motives behind your export?
2. Tell us about how your sales agreement with Volvo came through?
 - i. Who initiate it?
 - ii. What details in the deal was most important to satisfy, for Ferruform?
 - iii. Within your business, what did you perceive that Volvo considered as most important?
 - a. -Quality
 - b. -Price
 - c. -Distribution
3. Where is your product used?
 - i. -Production in Sweden
 - ii. -Production abroad
 - iii. -Both
4. If the production is conducted in another country then where it is sold is that something influencing Ferruform?
 - i. -Contacts with the producer
 - ii. -Something else
5. Do you notice any difference when you make business with a company that has production abroad compared to a company whose production is in Sweden?
 - i. -Economic claims
 - ii. -Legally
 - iii. -Something else

-
6. Is it on your initiative this expansion to foreign markets takes place?
 7. Is there a desire within Ferruform to sell directly to the producer abroad, instead of going through a national buyer?
 8. Would it be practical possible to sell directly to the producer in another country?
 - Are your own distribution channels satisfying?
 - i. -Would it be possible to initiate contact with the producer?
 9. What do you consider as the reason why Volvo do not produces the products they buy from you?

Advantages and Disadvantages

10. Are there any special details that are more risky when selling to a company with the production abroad?
11. If yes what details?
12. Would you rather export directly to the producer abroad then do it with the help of Volvo in Sweden?
13. If yes why?
14. Do you know if Volvo has any alternative way of producing the products you supply them with?
15. If you had the possibility to sell directly to the producer (Volvo abroad) is that something you rather had done compared to how it is working today?
16. How do you experience how Volvo gives feedback concerning your products, and what about the possibilities to improve details that Volvo considers not to be satisfying?
17. How do you experience the risk that Volvo cancel your agreement and turn to another supplier, if you cannot live up to Volvos demands?
18. Do you consider that your products get the attention that they deserves from Volvo, in terms of giving you a push forward for market expansion?
19. What positive aspects are those, from your angle, with selling to a buyer that use (produce) the product in another country?
20. What negative aspects are those, from your angle, with selling to a buyer that use (produce) the product in another country?
21. Do you use the fact that you are a supplier to Volvo when trying to find new customers?
22. If so, how?

-
23. Do you experience that you are losing some of the control over the products when you have sold it to Volvo, and not are in the position when you can influence how the products are apprehend by your customers?
 24. The risk that your products can be involved in a company who is not going good do you consider it as risk for getting negative goodwill?
 25. Do you feel that you have to reveal company or products secrets to Volvo in order to have a satisfying relationship?
 26. Do you see it as a risk the fact that Volvo will try to make a product similar to the one that you supply to them?
 27. Have Ferruform some kind of protection against plague from Volvos side?
 28. Do you think it could be easier for you to increase selling if you sold directly to the producer?
 29. Make it any sense if Volvos end user know that Ferruform is a supplier to Volvo?

Relationship

30. How much have you focused on specifying details when conducting business with Volvo compared to other customers that you have?
31. What do you think are the profits for Volvo when they have you as a supplier?
32. How do you experience the grade of formality in the relation with Volvo compared to other customers?
33. Could it be possible for you to use Volvo as a type of agent?
34. Seen from how the relation is working with Volvo, are you satisfied with it?
35. Do you see any danger that other potential customers abroad see you as a part of Volvo?
36. What different ways of payment are used when making business with Volvo?
37. Is language a major problem for you, when selling to companies abroad?

APPENDIX B SWEDISH INTERVIEW GUIDE

Allmän information

Företagets namn

Respondentens namn

Respondentens tjänst

Antal anställda

Typ av bransch

År då företaget grundades

Omsättning

Affärsidé

Del 1 Motiv för Export

1. Vilka allmänna motiv ligger bakom er exportverksamhet?
2. Berätta hur det gick till när ni slöt ett försäljningsavtal med Volvo.
 - a. Vems initiativ?
 - b. Vilka detaljer i affären var särskilt viktiga att tillgodose, för er del?
 - c. Vad uppfattade ni att eran kund Volvo tyckte var viktigt hos er?
 - Kvalité?
 - Pris?
 - Leverans?
3. Var används er produkt?
 - a. I produktion i Sverige?
 - b. I produktion utomlands
 - i. Var?
4. Om produktion finns i annat land än där försäljning äger rum hur påverkar det Ferruform?
 - a. Kontakter med producenten?
 - b. Annat?
5. Märker ni någon skillnad på att göra affärer med någon som producerar i ett annat land jämfört med att sälja nationellt till någon vars produktion äger rum i Sverige?
 - a. Ekonomiska krav
 - b. Juridiska
 - c. Annat
6. Är det på ert initiativ detta äger rum?
7. Finns det en önskan hos Ferruform att sälja direkt till producenten i utlandet, istället för att gå via en nationell köpare?

-
8. Skulle det vara praktiskt möjligt att sälja direkt till producenten i ett annat land?
 - a. Är era egna distributionskanaler tillfredställande?
 - b. Skulle det vara möjligt att initiera kontakt med producenten?
 9. Varför tror ni att inte Volvo producerar de produkter de köper av er själva?

Del 2 Fördelar och Nackdelar

1. Är det några riskmoment med att sälja till någon som har produktionen i ett annat land?
2. Vilka i så fall?
3. Skulle ni hellre exportera direkt till producenten än att göra detta med hjälp av Volvo i Sverige?
4. Varför?
5. Har Volvo någon alternativ sätt att producera de produkter som ni levererar till dem?

Förklara!

6. Om ni hade fått möjligheten att sälja direkt till Producenten (Volvo, utomlands) hade ni hellre gjort det med facit i hand?
7. Hur upplever ni Volvos sätt att komma med feedback när det gäller era produkter, och era möjligheter att få förbättra det Volvo inte anser att ni har gjort gott nog?
8. Hur upplever ni risken att Volvo säger upp sitt avtal med er och vänder sig till en annan leverantör, om ni inte kan leva upp till deras krav?
9. Tycker ni att era produkter får den uppmärksamhet ni anser dem vara förtjänta av, från Volvos sida, i termer av att detta skulle kunna ge er en positiv skjuts för marknadsexpansion?
10. Vilka positiva aspekter finns det, sett ur er synvinkel, med att sälja till en köpare som sedan använder (producerar) produkten i ett annat land?
11. Vilka negativa aspekter finns det, sett ur er synvinkel, med att sälja till en köpare som sedan använder (producerar) produkten i ett annat land?
12. Använder ni det faktum att ni är leverantör till Volvo när ni försöker knyta nya kunder till er?
13. Hur i så fall?
14. Upplever ni det som att ni tappar kontrollen över er produkt när ni sålt den till Volvo, och inte längre kan påverka hur er produkt uppfattas av konsumenterna?
15. Ser ni det som en risk att era produkter skulle kunna vara inblandade i ett företag som går dåligt och därigenom drar på sig en negativ goodwill?
16. Känner ni det som att ni måste avslöja företags eller produkthemligheter för Volvo för att kunna ha ett tillfredställande samarbete med dem?

-
17. Ser ni det som en risk att Volvo kommer att försöka göra en liknande produkt i framtiden som de ni säljer till dem, istället för att köpa den av er?
 18. Skyddar ni er mot det faktum att Volvo skulle kunna plagiera er produkt?
 19. Skulle det vara lättare att öka er försäljning om ni sålde direkt till producenten?
 20. Har det någon betydelse om Volvos slutanvändare vet att Ferruform är underleverantör?

Del 3 Relationen

1. Hur mycket har ni fokuserat på att specificera detaljerna i affären med Volvo jämfört med en annan kund?
2. Vad ser ni för vinster, som Volvo gör, genom att ha er som leverantör?
3. Berätta om hur formell ni upplever relationen med Volvo jämfört med andra kunder?
4. Skulle ni kunna tänka er att använda Volvo som en typ av agent?
5. Är ni nöjda med samarbetet med Volvo sett från synvinkeln hur ni tycker att relationen fungerar?
6. Hyser ni några farhågor om att bli sedda som en del av Volvo av andra potentiella kunder?
7. Vilka olika sätt för betalning förekommer när ni gör affärer med Volvo?