

# Towards a Network-based Business Model Concept and The Case of a truck OEM considering its Business Model in India

Lars Bankvall, Anna Dubois, Frida Lind

Chalmers University of Technology

## Abstract

The term 'business model' has become part of everyday language and increasingly a concept subject to various theoretical conceptualisations. In this paper we explore the concept in relation to the Industrial Marketing and Purchasing (IMP) approach. As inspiration for the discussion we use the case of a truck Original Equipment Manufacturer (OEM) to consider its business model in relation to its business development in India. We conclude by suggesting that business models need to relate to how offerings/seekings are developed based on problem solving and interaction, which implies that the focus of the business model concept should be set on the 'layers' at which this interaction occurs.

*Keywords: Business models, offerings/seekings, interaction, networks, trucks*

## 1. Introduction

The paper investigates the case of a truck Original Equipment Manufacturer (OEM) with ambitions to change its 'business model', particularly in 'emerging markets', by adjusting its core products, i.e. the trucks and 'services' with which they are associated. The paper addresses the notion of 'business models' in an industrial network setting, and how the concept can be defined and developed based on the theoretical assumptions underlying the Industrial Marketing and Purchasing (IMP) approach. From an industrial network perspective, the business landscape can be seen as a network of interdependent activities and resources and the actors associated with them (Håkansson et al., 2009). The present paper examines the business model phenomenon according to this interpretation.

In order to develop the notion of business models from an IMP perspective we review the related literature. The concept of business models has not been addressed by the IMP literature, and we therefore discuss it first in more general terms. In the case, we then investigate the situation as understood by the truck OEM and the Indian actors who are, or might be, involved in the firm's business model. Based on this case, we discuss the aspects of business models that are important for firms developing their business in new settings. Finally, we propose theoretical and managerial approaches to the concept of business model in industrial networks.

## 2. Business Models and the IMP approach

The literature on 'business models' has proliferated in recent years (for a review see Zott et al., 2011). The suggested conceptualisations rely on many different theoretical underpinnings and/or combinations thereof. According to Zott et al. (2011) there is no consensus on what a business model is. Most researchers investigate them in the context of questions such as: How do firms create value? How are customers made to pay for that value?

and How are payments turned into profit through firm-internal operations? (Teece, 2010; Morris et al., 2005; Chesbrough and Rosenbloom, 2002).

Most conceptualisations rely on static, firm-centred approaches, and traditional assumptions related to markets and market exchanges (Mason and Spring, 2011; Palo and Tähtinen, 2013; Bankvall et al., 2013). Market views in a business context imply the existence of a (latent) market on which the firm can decide to operate. A network view, on the other hand, implies that the firm operates within the network. Hence, from the perspective of the individual firm, a network does not exist if the firm is not part of (the interaction within) it. Therefore, the firm-level, managerial aspect of the business model concept according to a network interpretation must build on how the firm approaches interaction with its counterparts.

We have identified one suggested conceptualisation of business models based on networks. Mason and Spring (2011) refer to early notions of business models in internet-based business setting, where they describe the roles of various network actors and the flows of products, services, information and revenues between them. The business model conceptualisation suggested by Mason and Spring (2011) includes three core elements; technology, network architecture and market offering. Moreover, they suggest that:

...firms, business networks and markets form embedded systems within which multiple overlapping business models can be considered constituent parts. In this way, the business model is understood as having agency to shape action; but in turn actions (of others in the business network as well as the firms themselves) also shape the business model (ibid.: 1032).

A market offering is characterised as "consisting of the value-creation opportunity arising from alternative combinations of artefacts, access to suppliers' capabilities and capacities, and activities performed by the supplier(s) on the customer and/or its property" (ibid.: 1035). The market offering refers to the nature of the interaction between producer and user rather than to any special product feature(s).

Technology refers to the different system levels required to realise the market offering. The technology element contains four technological dimensions: product, process, core and infrastructure. Firms in the network are assumed to have different degrees of control over these technologies, but since all influence business models they should not be treated as ‘environmental variables’ but “as part of the network of internal and external actors that practice the business model” (ibid.: 1034).

The network architecture comprises the business network and the associated business transactions and relationships of the focal firm, as well as market standards and capabilities (ibid.). Indirect capabilities are included, based on the assumption that the firm can access and utilise the capabilities of others within the wider business network. The ease with which firms can access their counterparts’ capabilities is influenced by the existence and development of markets and standards. The structure, content and governance of transactions link this dimension of the network architecture to relationships.

In view of IMP business logic interpretations, the conceptualisation suggested by Mason and Spring (2011) should be investigated with regard to the issues involved in mixing market and network understandings of the business landscape. The notion of ‘market offering’ suggests a unidirectional (seller focused) view of the products and services to be exchanged. The notions of ‘offerings’ from the selling firm’s perspective, and ‘seekings’ from the buying firm’s perspective can be seen as the basis for the interaction between buyer and supplier. Ford and Mouzas (2013: 11) describe service offerings/seekings and business interaction as follows:

Business interaction is the process through which each business actor will seek or offer service to or from particular counterparts on the basis of specific problems it has recognised and chosen to address and the particular relationships within which it is engaged. Service-seeking and offering is based on the existing resource heterogeneity, activity interdependence and actor jointness in relationships. Service-seeking and offering drives the process of activity specialisation, the path of resources and the co-evolution of actors. (ibid.: 11).

Ford (2011: 237) contrasts the service concept in Service-Dominant Logic (SDL) with IMP and on this basis suggests what ‘service’ might be for an actor in ‘the interacted landscape’:

... reciprocal, multi-dimensional and temporal. It would be concerned with the combination of problems and uncertainties that the actor and its different counterparts face and with their respective abilities. Service in this landscape would also exist at both the episodic and relational levels encompassing not only immediate “value-in-use”, but also the longer term activity specialisation, resource path and actor co-evolution. Thus an IMP view of service would be expressed in terms of the expected and perceived problem-coping of actors, both for themselves and for their counterparts. This view would also emphasise how the intended, expected and attribute roles of business actors varied as their relationships evolved. (ibid.: 237).

In the interacted business landscape the actors develop seekings/offerings in interaction related to perceived problems and uncertainties. Joint problem-coping can be seen as the basis for the offerings/seekings developed through the interaction occurring in business relationships. This interaction can connect the production and use of offerings/seekings in new ways and, thus, production and use might develop as a result of the interaction.

Some parts of the offering may be standardised. For instance, truck engines are not developed individually for specific customers. As part of the offering/seeking, standardised com-

ponents can be combined with products and services that are adapted or developed in interaction between buyer and supplier. As ‘bundles’ of components (products and services), such offerings/seekings become embedded in the buyers’/users’ resource constellations and activity structures in ways that make them unique in their use settings. For the selling firm, the choice of which standardised and which ‘customised’ components should be included in its offerings is an important aspect of its business model since this choice sets the conditions for the interactions with counterparts. The border between a standardised and a specific product has been identified as one among several relevant firm boundaries, which influences the interaction with counterparts (Araujo et al., 2003).

Based on these notions we examine the following questions based on the case of a company contemplating its ‘business model’ in a particular setting. We also investigate the more generic issue of defining the business model concept from an industrial network perspective:

What actor related problems and uncertainties can be identified and how are these subjected to joint problem coping as a basis for interaction with the firm’s counterparts?

How does the business model (or the firm’s approach to interaction with its counterparts) affect activity specialisation, the path of resources and the co-evolution of actors?

These questions inform discussion of the case of a truck OEM considering its business model for India based on adjustment to the business models applied in other countries, and by changing its core products, i.e. trucks, and associated services. The case description relies mostly on how the truck OEM perceives its business conditions, and includes interviews with current and potential counterparts in India.

### 3. Case Description<sup>1</sup>- The Truck OEM and the Indian truck business

The case description is structured as follows. First, the current business model of The Truck OEM (the name used to anonymise the focal company in this case) is described, as perceived by the company. Section 3.2 discusses some of the main characteristics of the Indian truck business and describes The Truck OEM’s ambition to develop its current business model to suit this specific emerging market, from the company’s point of view. Sections 3.3-3.4 include the main characteristics, specific problems and uncertainties of the Indian dealers and the Indian truck operators.

#### 3.1 The Truck OEM’s perspective

The Truck OEM since the mid 2000s has been strengthening its position as a global truck manufacturer. It acquired several other truck OEMs and established joint ventures with domestic truck OEMs in various countries including China and India. As a result, the company has grown considerably to become one of

1. The case description builds on 37 interviews, conducted in two rounds in Sweden and then India. The first interview round included 10 interviews, 8 of which were with people associated with the organization of the Truck OEM, and 2 with customers of the Truck OEM. In the second interview round, 27 interviews were conducted. Among these, 2 were with representatives of The Truck OEM in India, 12 were with dealers, most owned by The Truck OEM, but also independent dealers and dealers associated with The Indian Truck OEM; and 13 interviews were made with potential and current customers of The Truck OEM and The Indian Truck OEM.

the world's largest truck manufacturers, operating under several different brand names.

The brands are positioned differently, both geographically and with regard to the various applications of truck operators. When entering a new geographical market, the challenge is to decide how to approach prospective customers. For example, it is important to identify whether these potential customers are primarily truck operators or actual buyers of transport services. Decisions have to be taken with regard to the range of products to offer these customers. The products include trucks, but also and increasingly, various so-called 'soft products' or services. The Truck OEM has a long-term ambition to increase its share of 'soft products' to approximately 50 per cent of total sales. This goal is influencing the company's sales and marketing activities.

The Truck OEM perceives the requirements of truck operators as varying widely depending on both the geographical market and the applications. Currently, their trucks are used for long haul, regional transport, and also city distribution. Some trucks are used for specific applications, for example, related to mining, or for hauling extremely heavy loads. All of the truck production requires some kind of customisation, which is developed in interaction with customers. To facilitate this customisation the company works with 'bodybuilders' or manufacturers of bespoke truck bodies, but also has extended its services. In addition to actual trucks, the main building blocks of The Truck OEM's offer are parts, maintenance services, financial solutions, service contracts, driver development, transport information systems, and accessories.

The specification for an individual truck is developed in interaction between a sales representative at The Truck OEM (usually a dealer, either independent or part of The Truck OEM), the truck operator (from the perspective of The Truck OEM, the primary customer), and often a bodybuilder. The Truck OEM is increasingly involved in the bodybuilding aspect of truck sales since it is introducing a series of 'concept trucks', which rely on truck bodies from the factory of The Truck OEM.

In addition to deciding the most appropriate body for the truck, service contracts and financial solutions have to be negotiated. Three types of service contracts - blue, silver and gold - have been developed. The blue is the basic service contract, which includes only basic services and requires the eventual truck owner to pay for all repairs. The silver contract includes repair of the driveline and certain other components. Since all new trucks come with a two-year driveline guarantee, the silver contract is not very attractive to customers. The gold contract is a much more comprehensive service contract and covers almost everything apart from damage caused by the customer's carelessness. Regardless of which service contract is negotiated, a customised service schedule is included in all new truck sales. This is based on the planned usage as specified by the truck operator. Larger customers are contacted when service is due, smaller customers need to keep track of the service status of their trucks.

Customers usually pay via a 20 per cent down payment, and instalments over the next 60 months. In Sweden, approximately 40 per cent of customers avail themselves of the financing solution offered by the truck manufacturer. In other parts of the world, customers (sometimes supported by dealers) tend to arrange financing through other channels. The customer also has the option of leasing the truck, via financial leasing or operational leasing. Financial leasing means that the customer is responsible for the residual value of the truck, and must purchase the truck at a predetermined price after a certain time period. Operational leasing means that the truck is rented for a specific

time period after which The Truck OEM sells it on the used truck market.

### ***3.2 The Truck OEM entering the Indian truck business***

The Truck OEM has been present in India since early 2000, making the company one of the first western truck manufacturers to establish themselves in the country. It initially entered the market with an expensive premium product. The majority of perceived potential customers had little interest in a truck with this specification and at the price initially offered by The Truck OEM. However, there was interest for a particular application, mining, where dependability and strength are highly rated. One dealer described the cost sensitivity of its customers, referring to the safety reputation of The Truck OEM; "with a [Truck OEM brand] the driver lives, but the owner dies". As a consequence of the limited initial sales, the company entered into a joint venture with a local truck manufacturer - henceforth referred to as The Indian Truck OEM. The Indian Truck OEM was long established in the mass-market segment of the Indian market, producing and selling low-specification trucks at an 'affordable price'. The combination of quality and safety promised by The Truck OEM with the affordability and extended service network of The Indian Truck OEM was the basis for the joint venture business, which, it was believed, would attract a wide range of Indian customers.

Previously, The Truck OEM (and potentially also other OEMs) categorised the Indian market into two primary segments; the more expensive premium segment, which includes most western truck manufacturers, and the less expensive mass-market segment, occupied primarily by domestic OEMs. Recently, The Truck OEM has identified a third segment with considerable growth potential - the 'value segment'. Since this segmentation is based primarily on price, the value segment is considered to consist of both downgraded premium trucks and upgraded mass-market trucks, and variations thereof. The joint venture with The Indian Truck OEM is believed to be supporting the development of new truck models suitable for this "new" value segment.

In order to reach new customers, new (and current) trucks need to be developed to meet the specific requirements of the Indian truck business. The Truck OEM recognises that this requires a better understanding of the changing demands of potential future customers. It has commissioned several studies to increase its 'market insights'; the research project underlying this paper is an example of such a study and it focuses on Indian truck dealers and truck operators.

### ***3.3 The Indian truck dealers***

The Indian dealer network consists of both OEM-owned and independent dealers. Most dealers are associated with workshops which service and repair vehicles. The extent of the service network varies among OEMs. For example, The Truck OEM, a premium producer that is quite new in the Indian market, has a limited number of brand-specific dealerships (including workshops), while The Indian Truck OEM has dealerships across India. It is considered important for a premium truck dealership not to market vehicles from lower market segments since this acts as a deterrent to premium customers.

The poor infrastructure conditions in India mean that most customers consider it crucial to have dealers and workshops in close proximity to their operations. If a truck breaks down it can be difficult to transport it over a long distance for repair. If the

breakdown occurs far from an authorised workshop it is likely that the truck will be repaired in a 'private workshop', not associated with the truck brand. These workshops are present all over India. Due to their limited knowledge of western truck brands and lack of advanced tools and equipment, they primarily service and repair domestic brands. However, these private workshops are considered a potential future threat to OEM-related workshops.

In recent years, it has become increasingly common for special application customers, such as mining customers for example, to require workshop presence in the proximity or at the site of their operations. As a result, the number of customer specific workshops has increased. In addition, workshops are being located in areas of general commercial traffic and on particular highways. Many cities have introduced restrictions on vehicles of a certain size entering the city centre during the day; they are obliged to wait until after a certain time to go into the city. Setting up workshops on city perimeters can be a way of servicing these waiting vehicles.

Regardless of brand, Indian truck dealers consider it difficult to sell service agreements. Customers return to the dealer's workshop only during the warranty period; after that they carry out their own servicing and repairs or use a local 'private' workshop that are cheaper. Such workshops use low priced spare parts that are either pirated copies or genuine parts marketed directly on the Indian market by the respective truck manufacturers' suppliers. Indian customers are price sensitive and prefer to purchase parts themselves rather than using authorized workshops.

Sale of service agreements is perceived to be difficult because of the uncertainties related to use by Indian customers (primarily truck operators). Due to the nature of India's transport services, truck operators are considered unpredictable, making it difficult to forecast future truck use and consumption, and the likelihood of following formal maintenance schemes. The unpredictability of most Indian truck operations make it difficult to offer financial services such as operational and financial leasing. Payments are another problem; one OEM-related dealer estimated that approximately 50 per cent of its customers are late with payments, which forces it to make frequent contacts and constantly re-negotiate existing agreements.

### **3.4 The Indian truck operators**

Indian truck operators (identified as the primary customers of the truck OEMs) consist of both small owner/operators and larger fleet owners. Many of the fleets of large owners consist of a mix of brands. Some are highly specialized, focusing, for example, on over-dimensioned cargo (ODC), vehicle transportation and home relocation. These functions often require very specific truck features. For example, heavy and slow-moving ODC transport requires reliable trucks with powerful engines, and customized loading solutions. This type of transport in India is challenged by the poor infrastructural conditions, the existing and continuously changing government and regional restrictions, road side theft, etc. On the other hand, vehicle transporters are characterized by predictable road use, related, for example, to traffic at the main ports, and the high value of the goods being transported. Vehicles used for home relocation require customised solutions that enable flexible loading and unloading. Thus, many large truck operators have very specific needs. To attract these potential customers it is important to understand their business and problems, and develop solutions to them. This might constitute on-road breakdown services on particular roads, cus-

tomised bodybuilding, driver education, and different kinds of security solutions.

In the mining case, The Truck OEM has managed to cater successfully to the specific requirements of its customers. Truck operators related to mining require very reliable trucks which often run 24 hours a day, and seven days a week. The Truck OEM's products are both strong and dependable. However, their cost is higher than for many of the alternative truck models on the Indian market. To address this, The Truck OEM has introduced a payment alternative based on payment per tipping. This means that the mine owners pay for performance rather than for the actual truck. In addition, The Truck OEM has established workshops proximate to the mining sites, enabling easy maintenance and repairs to ensure maximum truck usage. These adaptations, developed in interaction with the mining customers, are The Truck OEM's solutions to the specific problems and uncertainties of these customers.

The smaller owner/operators are often less specific about their requirements. They tend to perform a variety of different transport services and need basic general-purpose trucks. They also usually have less financial flexibility than the larger specialized fleet owners.

The Indian transport sector is generally perceived as very price focused, which affects the purchasing behaviour of most truck operators. The purchasing decisions of truck operators are typically based on price and available financial solutions provided by the dealers and the interest rates offered. While some larger and more specialized truck operators are concerned about specific truck features and capabilities, price is still the main factor in the truck purchase decision. This price consciousness means that most truck operators display fairly low brand loyalty. If a certain brand runs a campaign, for example, to introduce a new model, this is likely to attract truck operators who might not otherwise have considered such a purchase.

From the perspective of the truck operators, the concept of 'uptime', which has become important in western markets, takes on a different form in India. Poor road conditions and other infrastructure problems mean that the time it takes to reach a certain destination is not dependent primarily on the functionality of the vehicle, but is related to several external factors. For example, between the different regions in India, there are toll stations. Passing through a toll can take several days, with the result that vehicle and driver are idle for a long time. Also, waiting times related to loading and unloading can be considerable. In this context, it is hardly surprising that up time is not the primary consideration when assessing the technical features of a truck. As one customer stated: "Indians are happy with 50 per cent reliability because time is cheap".

Following the purchase decision, most truck operators service and repair their vehicles in unauthorized 'private' workshops, often using parts purchased on the grey market. Larger operators usually have their own workshops, often staffed by mechanics that previously worked for some of the larger truck OEMs. Price consciousness is also reflected in the choice of vehicle information system. Instead of purchasing the fairly expensive system offered by The Truck OEM, operators tend to favour cheaper off-the-shelf alternatives, which also are considered more user-friendly since they are less demanding in relation to the driver's knowledge. In some cases, driver education is offered as an add-on to a truck sale.

Truck drivers are very important to Indian truck operators. A large proportion of the Indian truck fleet is currently idle due to a lack of qualified drivers. Being a driver is a low status profession

with a poor salary, which makes it difficult to attract Indians to join the profession. Due to their low status in society, the police and other state officials subject many drivers to harassment. Fleet owners try to overcome this problem in a variety of ways, but it continues to be a very significant issue and, to a large extent, will be decisive about the future Indian transport industry.

#### 4. Case discussion

The truck OEM's view on how to approach the business in India displays a traditional 'market approach' considering trucks as the products to be sold, and Indian truck operators in general as 'the market' for its goods. In accordance with this view, they perceive the problem as being how to sell expensive trucks in a market that is known to be very price sensitive. The result of this is that they focus on approaching a particular 'market segment' and how they can include so-called up-time services, based on a belief that the operational performance of their particular trucks is superior to that of most other trucks on the market.

We start by discussing Truck OEM's segmentation approach and the up-time issues related to road transport in India. We then discuss the problems and uncertainties of dealers, truck operators and truck drivers, and how they are resolved through problem solving and coping in interaction.

The Truck OEM has segmented the Indian market. The 'value segment' is seen as a 'new' promising segment in which no other trucks or truck dealers have operated. Given the ambition to develop new truck models to address this segment, it is necessary to identify potential customers. Following the general developments related to transport in emerging markets, it is most likely that these customers are currently part of the mass-market segment, but are keen to upgrade their operations. The less likely alternative is that these potential customers are currently part of the premium market segment and want to downgrade their truck fleet – perhaps to save on costs.

The traditional market segmentation approach involves a 'distant' view of the Indian truck business. By drawing on existing activity interdependence, resource heterogeneity and actor jointness, firms can consider how to build on what they have already developed. The dealers/workshops that interact with customers would be the central actors in this approach. They can develop the support provided to individual customers to enable them, in turn, to develop their operations. Hence, when the actors are required to interact in solving or coping with the identified problems through service-seeking and offering, the dealers/workshops play a crucial role 'in between' The Truck OEM and the truck customers/operators. Several activities, resources and actors have already been developed. For instance, specific resources and activities have been developed in interaction with mining customers, to allow trucks to be serviced at customers' sites. The location of the workshops can be seen as both a restraint and an opportunity since already existing servicing points can meet the servicing demands of specific customers and also improve the capacity utilization of the workshops. Specific solutions developed in collaboration with customers transporting heavy loads can be modified for application to other customers with similar needs. Truck driver training programmes could be developed further, and function to connect customers with similar problems and ideas about how to improve the general working conditions of drivers.

A product and price-based segmentation approach to 'the market' shows no apparent links with activity interdependence, resource heterogeneity and actor jointness. However, when con-

sidering these dimensions in relation to the individual dealer/workshop–customer relationship, the offering/seeking assumes unique aspects. These are highlighted in the development of standardised trucks to form part of the 'bundled' offerings to truck buyers based on interaction and problem coping. The problem then becomes one of how to interact, with what (in addition to the standardised trucks), and with whom.

Dealers/workshops currently find it difficult to develop long-term relationships with customers. The short-term cost focus of individual truck operators results in dealers/workshops 'losing' customers when guarantees expire. There are always less expensive service/maintenance alternatives, such as unauthorized 'private' workshops that are common throughout India. Travelling to and from a specific workshop can be time consuming, which is why geographical proximity to the customers' operations is considered so important. Enabling dealers/workshops to interact with customers and understand their individual need for servicing and repairs is crucial to enable development of offerings that better match customer demand.

The Truck OEM is keen to increase the up-time of trucks by extending the service part of their offering. However, this would seem not to be achievable only by developing new technical features. A combination of new technical features (e.g. diagnostic equipment enabling preventive maintenance), and development of maintenance services and on-road support provided by dealers to individual customers, might resolve some customer issues. The need to understand how up-time is influenced by specific customer operations seems crucial since the problems encountered require different combinations of solutions for individual customers, for example, based on how and where their trucks are used.

The case description highlights a number of issues related to the specific conditions of truck ownership and use in India, and specific truck operators. All these issues need to be addressed, and require different approaches from OEMs interested in developing a business model for the Indian truck business. We have argued that these challenges can only be addressed through interaction with those experiencing them first hand, that is, the dealers and truck operators. Joint problem solving should enable development of offerings that address the specific problems experienced. We therefore suggest that there are three 'layers' that need to be approached and organised as part of developing "a business model for the Indian truck business":

The dealer/workshop and customer (truck operator) relationship level– Joint problem solving and coping results in specific offerings/seekings based on the individual customer's situation and includes more specific customer needs. Services can be adjusted to solve some part of the up-time problem, through provision of on-road and breakdown services on certain highways. Other problems require cooperation, for example, scheduled overnight maintenance service while trucks are waiting to access particular cities.

The dealer/ workshop network level– Individual dealers/workshops need to combine the relationships with individual customers (to develop specific offerings/seekings) and exploit other dealers/workshops in the dealer network to cope with the locations of individual customers. Individual customers operate different routes and, thus, different parts of the road infrastructure and maintenance and break-down services need to be adjusted accordingly. A joint database containing information on all individual vehicles and their maintenance status could be a key resource in this regard.

The general 'Indian business level' – The dealers/workshops

need a set of (standardised) technical components (related to the trucks, use of the trucks and their servicing) which can be combined in different ways to form customised solutions developed in interaction with individual customers. These components, in turn, need to be developed in interaction between The Truck OEM and its dealers to match the range of problems to be addressed in these interactions.

Constructing a layered business model approach would be desirable for several reasons. First, while it is not possible to develop completely customised offerings, the offerings/seekings must use components that respond to the heterogeneity in individual customers' needs. Second, since these components need to be developed in interaction with actors from different network layers some components need to be standardised and others need to be customized to adapt to individual customer needs. This highlights the importance in the business model of interfaces and boundaries between standardised components and specific offerings/seekings, and their organising in relation to each other (Araujo et al., 2003).

While problem solving and interaction are the focus in the development of offerings/seekings, the business model needs to focus on the layers at which this interaction takes place. For a large company like The Truck OEM this implies that development of technological solutions needs to support the interfaces between standardised components and specific solutions, and that the ways of working with dealers/workshops should support their interaction with customers. In this layer, the interaction around specific offerings/seekings and how these relate to 'production' (of services such as maintenance, etc.) and use (of the trucks) allows adjustments to activities and resources at both the dealers/workshops and customers. Large fleet customers who have their own workshops might be persuaded to outsource maintenance and repair to specialised dealers/workshops. This would exemplify a business model that drives activity specialisation in a certain direction.

## 5. Concluding discussion

The business model concept can be developed and used to describe and analyse how offerings/seekings develop in interaction, in line with existing resource heterogeneity, activity interdependence and actor jointness in relationships. Single actors only have limited control over resource combinations (Håkansson and Waluszewski, 2002) and can strive for, but will never acquire, control over the surrounding business network (Håkansson and Ford, 2002); in other words, a business model can never belong to a single actor.

The managerial (firm-level) implications of this approach to business models suggest a focus on the firm's approach to (1) the components of the offerings/seekings, and (2) how to organise to promote interaction among counterparts. Holmen and Pedersen (2012) discuss how firms can handle resource heterogeneity in business relationships, and according to them managing resource heterogeneity requires developing systems for discovering, using and changing the features of single resources or resource combinations, and persuading, enabling or forcing others to become involved. These two intertwined dimensions are useful for describing the business model from the perspective of the individual actor. At the same time, every actor is engaged in the business models of its counterparts since their activities are interdependent, and the value of their resources depends on how they are combined, and how other actors respond.

For a company such as The Truck OEM formulating a busi-

ness model in a new setting involves not only the technical features of its products and how the standard 'service packages' are designed but also how it can create 'the right' conditions for dealers/workshops to develop specific solutions collaboratively with individual customers. For The Truck OEM, the current segmentation approach relates mostly to different types of trucks, and assumes different kinds of truck operators to be potential customers of these (technically defined) trucks. However, in order to extend their offerings, possibilities to facilitate problem solving in interaction between dealers and individual customers seem vital. Standardised service packages may not fit with the specific needs of individual customers, but the possibility to develop specific solutions to solve and cope with individual customers' problems may increase the strength and content of the relationships between dealers/workshops and customers. This in turn may increase the possibilities to continuously develop better components of offerings that are more aligned to the range of problems encountered by Indian customers. The conditions for problem solving may change, and the firms that are best equipped and prepared for interaction with users may be those best prepared to cope with these developments. Increasing the interaction with dealers would increase awareness of what activity interdependencies, resource combinations and actor jointness to build further on.

Applying these ideas within a managerial approach to business model development would entail continuous possibilities for activity specialisation, resource combining and co-evolution with actors since a variety of customer needs could become systematically and jointly explored and exploited with dealers/workshops based on the latter's interaction with individual customers.

## 6. Final remarks

The IMP framework, which has been described as the "bridge between tradition and innovation" (Cantú et al., 2013, p. 1007), includes a rich theoretical understanding of business interaction (Ford and Håkansson, 2006). In this paper we elaborated the idea that the empirical notion of 'business models' can be developed into a useful concept as part of the IMP framework. There are three different positions that can be adopted. First, the frequent reference to 'business models' by practitioners and (non-IMP) academics could be ignored on the basis that it is not useful as a concept and/or does not contribute in view of the already existing concepts in the abundant IMP 'tool-box'. Second, 'business models' could be understood as a term used by practitioners, similar to 'markets', 'market segments' and 'competitive advantage', originating from other theoretical approaches and interpreted in many different ways by those practitioners. As IMP researchers, we typically find ways 'around' these terms in our empirical enquiries and analyses. Third, 'business models' could be developed into a concept and thus be given meaning based on and in relation to other (received) concepts and theoretical assumptions.

The position taken will change as the gamut of approaches increases. This is a healthy sign if it is agreed we do not have to agree and that variety is a promising feature in relation to resource and theory development.

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